Publication 4505

Modernized e-File Test Package for Forms 1065/1065-B For Tax Year 2011

U.S. Return of Partnership Income

And

U.S. Return of Income for Electing Large Partnerships

(Revision 7 -9/2011)

Internal Revenue Service Electronic Tax Administration

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WHAT'S NEW?.....4

WHO MUST TEST?.....4

WHY TEST? 5

WHAT IS TESTED? 5

FORMATTING THE ENTITIES.....6

PASSWORDS 7

WHEN TO TEST..... 8

TESTING GUIDELINES FOR SOFTWARE DEVELOPERS 8

FEDERAL/STATE TESTING FOR FORMS 1065/1065-B..... 8

ELECTRONIC SIGNATURES..... 8

REVIEWING ACK FILES AND CORRECTING TESTS..... 9

FINAL TRANSMISSION.....10

COMMUNICATIONS TEST FOR THE e-file SYSTEM 10

USING YOUR OWN TEST 10

EXHIBIT 1 POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES...12

EXHIBIT 2 FOREIGN COUNTRY CODES 13

EXHIBIT 3 VALID EINS AND NAME CONTROLS 17

Exhibit 4 - TAX YEAR 2009 1065/1065-B TEST SCENARIO DATA...,.....18

Test Scenario 1 (Form 1065)……...21

Test Scenario 2 (Form 1065)……...41

Test Scenario 3 (Form 1065)...……...57

Test Scenario 4 (Form 1065)...……...81

Test Scenario 5 (Form 1065)….....……98

Test Scenario 6 (Form 1065-B)……121

Test Scenario 7 (Form 1065-B)……132

Test Scenario 8 (Form 1065-B……...147

Test Scenario 9 (K-1 Aggregator)……...158

Test Scenario 10 (K-1 Aggregator)……..……179

Form 1065/1065-B Assurance Testing Tax Year 2010

WHAT'S NEW?

ATS is scheduled to begin on 10/31/2011.

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 2011 (Tax Year 2010) 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 2010 Assurance Testing System (ATS) consists of:

Five (5) return scenarios for Form 1065
Three (3) return scenarios for Form 1065-B
Two (2) test scenarios for K-1 Aggregators

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

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

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

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

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

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

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

FORMATTING THE ENTITIES

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

Example:

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

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

PASSWORDS/STRONG AUTHENTICATION

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

Internet Filing Application (IFA)

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

Application to Application (A2A)

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

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

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

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

WHEN TO TEST

When you are ready to test, and if you have not been contacted by the e-Help Desk about the testing season, please call the e-Help Desk at **1-866-255-0654**. They will assist you in all preparations necessary to begin testing, including assigning you a Software ID to use when submitting your returns.

TESTING GUIDELINES FOR SOFTWARE DEVELOPERS

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

FEDERAL/STATE TESTING FOR FORMS 1065/1065-B

Testing for 1065/1065B for TY2010 will be available in ATS on November 1, 2010. 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

State	Abbr.	ZIP Code
Alabama	AL	350nn-369nn
Alaska	AK	995nn-999nn
Arizona	AZ	850nn-865nn, 85100-85199
Arkansas	AR	716nn-729nn, 75502
California	CA	900nn-908nn, 910nn-961nn
Colorado	CO	800nn-816nn
Connecticut	CT	060nn-069nn
Delaware	DE	197nn-199nn
District of Columbia	DC	200nn-205nn
Florida	FL	320nn-339nn, 341nn, 342nn, 344nn, 346nn, 347nn, 349nn
Georgia	GA	300nn-319nn, 39815, 39834, 399nn
Hawaii	HI	967nn, 968nn
Idaho	ID	832nn-838nn
Illinois	IL	600nn-629nn
Indiana	IN	460nn-479nn
Iowa	IA	500nn-528nn
Kansas	KS	660nn-679nn
Kentucky	KY	400nn-427nn, 45275
Louisiana	LA	700nn-714nn, 71749
Maine	ME	03801, 039nn-049nn
Maryland	MD	20331, 206nn-219nn
Massachusetts	MA	010nn-027nn, 055nn
Michigan	MI	480nn-499nn
Minnesota	MN	550nn-567nn
Mississippi	MS	386nn-397nn
Missouri	MO	630nn-658nn
Montana	MT	590nn-599nn
Nebraska	NE	680nn-693nn
Nevada	NV	889nn-898nn
New Hampshire	NH	030nn-038nn
New Jersey	NJ	070nn-089nn
New Mexico	NM	870nn-884nn
New York	NY	004nn, 005nn, 06390, 100nn-149nn
North Carolina	NC	270nn-289nn
North Dakota	ND	580nn-588nn
Ohio	OH	430nn-459nn
Oklahoma	OK	730nn-732nn, 734nn-749nn

EXHIBIT1 -Valid ZIP Codes Continued

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

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

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

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

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

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

EXHIBIT 2 FOREIGN COUNTRY CODES

Code	Foreign Country	Code	Foreign Country
AF	Afghanistan	BM	Burma
AL	Albania	BY	Burundi
AG	Algeria	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

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

For 1065-B	Name Control	Tax Period Ending Month
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:

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

Form 1065-B:

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

Exhibit 4 Tax Year 2011 1065/1065-B Test Scenarios

TAX YEAR 2011 1065/1065-B TEST SCENARIOS

1. 1065, 4562 (2), 4797, 8825, 8844, 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, Schedule D, 1065 Sch K-1 (3), Schedule B-1, Form 8453-PE, Schedule M-3, Schedule C

ATTACHMENTS:
Other Income (Loss) Statement
Itemized Other Deductions Statement
Itemized Section 263A Costs Schedule
Inventoriable Costs Paid Schedule
Section 754 Election
Partnership's Charitable Contributions Statement
Schedule L Other Current Assets Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement
Other Cost Statement
Other AMT Items Statement

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

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

ATTACHMENTS:
Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement
Itemized Other Deductions Statement
Schedule L Other Current Assets Statement
Schedule L Other Current Liabilities Statement

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

6. 1065-B, 1125-A, 4797, 1065-B SCH K-1 (2), Form 8453-B

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

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

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

ATTACHMENTS:
Itemized Other Deductions Schedule
Qualified Nonrecourse Financing Statement
Miscellaneous Item Statement

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

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

ATTACHMENTS:
Itemized Other Deductions Schedule

BINARY ATTACHMENTS: None

NOTE: Please use the same data for the additional seventy four (74) Schedule K-1s, but increment the entity information as follows:

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

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

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

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

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

TEST SCENARIO 1

FORMS REQUIRED:
1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (27), Form 8453-PE, DEPENDENCIES, Schedule M-3, Schedule C

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

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

HEADER INFO:

Tax Period: Calendar Year 2011

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: 04/01/2012

Preparer: **Name: Jesse James**
PTIN: P00000001
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2012
Self Employed: No

IRS PAYMENT: N/A

Details for attachments to Form

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

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

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

Childcare	35,600
Empowerment	40,000

Schedule L Other Assets Statement (Form 1065, Page 5, Schedule L, Line 13b and 13d)

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

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

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

Sam Starling, LLP

69-0000001

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

U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning 01/01 **, 2011, ending** 12/31 **, 20** 11 .

▶ **See separate instructions.**

OMB No. 1545-0099

2011

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

Print or type.

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.*

Income	1a	Merchant card and third-party payments (including amounts reported on Form(s) 1099-K)	1a				
	b	Gross receipts or sales not reported on line 1a	1b	323,455,613			
	c	Total. Add lines 1a and 1b	1c	323,455,613			
	d	Returns and allowances plus any "cash back" included on line 1a	1d				
	e	Subtract line 1d from line 1c	1e	323,455,613			
	2	Cost of goods sold (attach Form 1125-A)	2				
	3	Gross profit. Subtract line 2 from line 1e				3	323,455,613
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	
	5	Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	10,000
	7	Other income (loss) (attach statement)				7	
	8	**Total income (loss).** Combine lines 3 through 7				8	323,465,613
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)				9	110,535,025
	10	Guaranteed payments to partners				10	22,675,031
	11	Repairs and maintenance				11	2,042,164
	12	Bad debts				12	
	13	Rent				13	25,922,173
	14	Taxes and licenses				14	12,226,452
	15	Interest				15	14,622
	16a	Depreciation (if required, attach Form 4562)	16a	7,292,891			
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b	18,275		16c	7,274,616
	17	Depletion **(Do not deduct oil and gas depletion.)**				17	
	18	Retirement plans, etc.				18	4,255,918
	19	Employee benefit programs				19	7,100,361
	20	Other deductions (attach statement)				20	50,737,848
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20				21	242,784,210
	22	**Ordinary business income (loss).** Subtract line 21 from line 8				22	80,681,403

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.

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

▶ Signature of general partner or limited liability company member manager ▶ Date 4/01/2012

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
Jesse James		4/01/2012		P00000001

Firm's name ▶ ELECTRIC TAX FILERS INC — Firm's EIN ▶ 69-0000098

Firm's address ▶ 1065 EFILE DRIVE, ANYTOWN, NV 89501 — Phone no. 555-631-1212

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2011)

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership **b** ☐ Domestic limited partnership		
c	☐ Domestic limited liability company **d** ☑ Domestic limited liability partnership		
e	☐ Foreign partnership **f** ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	✔	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		

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

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

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✔
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✔
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✔
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
10	At any time during calendar year 2011, 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. ▶		✔
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✔
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		✔
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✔
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		✔
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✔
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶	✔	
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions		✔
b	If "Yes," did you or will you file all required Form(s) 1099?		✔
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		

Designation of Tax Matters Partner (see instructions)

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

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

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

Analysis of Net Income (Loss)

1	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	1	103,652,209

2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners						
b Limited partners						

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		15,374,582		41,036,739
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)				
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	64,937,028		79,134,516	
b	Less accumulated depreciation	32,123,456	32,813,572	26,947,318	52,187,198
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)		13,178,915		15,143,982
14	Total assets		61,367,069		108,367,919
	Liabilities and Capital				
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)		5,478,152		6,183,915
18	All nonrecourse loans		11,000,000		11,000,000
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		44,888,917		91,184,004
22	Total liabilities and capital		61,367,069		108,367,919

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 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest $	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (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	44,888,917	6	Distributions: a Cash	75,140,310
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	121,435,397			
4	Other increases (itemize):		8	Add lines 6 and 7	75,140,310
5	Add lines 1 through 4	166,324,314	9	Balance at end of year. Subtract line 8 from line 5	91,184,004

Sam Starling, LLP

69-0000001

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Sam Starling, LLP	Legal Services	69-0000001

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	3,258,175
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	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 2011	17	2,745,142
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						285,740
b 5-year property						325,098
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	35,069

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	7,274,616
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Sam Starling, LLP

69-0000001

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Sam Starling, LLP	Rental	69-0000001

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	18,275
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	18,275
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Sam Starling, LLP

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

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

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

69-0000001
OMB No. 1545-0184

2011

Attachment Sequence No. **27**

Name(s) shown on return: Sam Starling, LLP

Identifying number: 69-0000001

1	Enter the gross proceeds from sales or exchanges reported to you for 2011 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)

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	
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	
	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	10,000
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	10,000
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	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 13086I Form **4797** (2011)

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 Furniture and Fixtures	10/01/2010	01/19/2011
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	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			
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a	10,000			
b Enter the **smaller** of line 24 or 25a	25b	10,000			
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
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				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
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				
29 **If section 1255 property:**					
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	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		

Sam Starling, LLP

69-0000001

Form **8825**
(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

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

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name: Sam Starling, LLP

Employer identification number: 69-0000001

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
A	125 Modernized Street Newtown, NV 89510	Rental	365	
B				
C				
D				

			Properties A	B	C	D
	Rental Real Estate Income					
2	Gross rents	2	1,234,900			
	Rental Real Estate Expenses					
3	Advertising	3				
4	Auto and travel	4				
5	Cleaning and maintenance	5				
6	Commissions	6				
7	Insurance	7				
8	Legal and other professional fees	8				
9	Interest	9				
10	Repairs	10				
11	Taxes	11				
12	Utilities	12				
13	Wages and salaries	13				
14	Depreciation (see instructions)	14	18,275			
15	Other (list) ▶ Ground Lease, Fees	15	1,013,500			
16	Total expenses for each property. Add lines 3 through 15	16	1,031,775			
17	Income or (Loss) from each property. Subtract line 16 from line 2	17	203,125			

18a	Total gross rents. Add gross rents from line 2, columns A through H	18a	1,234,900
b	Total expenses. Add total expenses from line 16, columns A through H	18b	(1,031,775)
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:		

(1) Name — **(2)** Employer identification number

21	Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • **Form 1065 or 1120S:** Schedule K, line 2, or • **Form 1065-B:** Part I, line 4	21	203,125

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2010)

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.			
	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
E				
F				
G				
H				

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

Allowable Codes for Type of Property

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

Sam Starling, LLP

69-0000001

Form **8844**

Department of the Treasury
Internal Revenue Service

Empowerment Zone and Renewal Community Employment Credit

▶ **Attach to your tax return.**

OMB No. 1545-1444

2011

Attachment Sequence No. **99**

Name(s) shown on return: **Sam Starling, LLP**

Identifying number: **69-0000001**

1	Enter the total qualified wages paid or incurred during **calendar year** 2011 only (see instructions)			
a	Qualified empowerment zone wages . . . . . $ 200,000 × 20% (.20)	**1a**	40,000	
b	Skip line 1b (see instructions) . . . . . $ × 0% (.00)	**1b**		
2	Enter the amount from line 1a. See instructions for the adjustment you must make to salaries and wages	**2**	40,000	
3	Empowerment zone and renewal community employment credit from partnerships, S corporations, cooperatives, estates, and trusts	**3**		
4	Add lines 2 and 3. Cooperatives, estates, and trusts, go to line 5. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, Part III, line 3	**4**	40,000	
5	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	**5**		
6	Cooperatives, estates, and trusts, subtract line 5 from line 4. Report this amount on Form 3800, Part III, line 3	**6**		

For Paperwork Reduction Act Notice, see instructions. Cat. No. 16145S Form **8844** (2011)

Sam Starling, LLP

69-0000001

Form **8882**

(Rev. December 2006)

Department of the Treasury
Internal Revenue Service

Credit for Employer-Provided Childcare Facilities and Services

▶ **Attach to your tax return.**

OMB No. 1545-1809

Attachment Sequence No. **131**

Name(s) shown on return: **Sam Starling, LLP**

Identifying number: **69-0000001**

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	35,000
6	Add lines 2, 4, and 5		6	35,000
7	Enter the **smaller** of line 6 or **$150,000.** Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800)		7	35,000
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.
▶ See separate instructions.

OMB No. 1545-0099

2011

Name of partnership	Employer identification number
Sam Starling, LLP	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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

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

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
a	Included on Part I, line 4	108,367,919	17,183,000
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

For Paperwork Reduction Act Notice, see the Instructions for your return.

Name of partnership: Sam Starling, LLP

Employer identification number: 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 schedules 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 details)				
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22	10,000			10,000
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(12,959,862)	4,116,715	(21,899,903)	(30,743,050)
25	Other items with no differences	134,385,259			134,385,259
26	**Reconciliation totals.** Combine lines 23 through 25	121,435,397	4,116,715	(21,899,903)	103,652,209

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: Sam Starling, LLP

Employer identification number: 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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	12,959,862	(4,116,715)	21,899,903	30,743,050

Sam Starling, LLP

69-0000001 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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 ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Partnership

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

☐ 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

1	Ordinary business income (loss) 32,272,562	15	Credits L 16,000
2	Net rental real estate income (loss) 81,250		P 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
		19	Distributions
12	Section 179 deduction		A 30,056,124
13	Other deductions	20	Other information
			A 37,060
14	Self-employment earnings (loss) A 55,024,842		
	C 55,024,842		

*See attached statement for additional information.

For IRS Use Only

Sam Starling, LLP

69-0000001 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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 7 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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) 8,068,141	15	Credits L 4,000
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
		19	Distributions
12	Section 179 deduction		A 7,514,031
13	Other deductions	20	Other information
			A 9,265
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Sam Starling, LLP

69-0000001 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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
If "Yes," attach statement (see instructions)

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

1	Ordinary business income (loss) 1,613,628	15	Credits L 800
2	Net rental real estate income (loss) 4,063		P 712
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
		19	Distributions
12	Section 179 deduction		A 1502,806
13	Other deductions	20	Other information
			A 1,853
14	Self-employment earnings (loss)		

*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 **2011**

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: 04/15/2012

Preparer: **Name: Paul Jennings**
PTIN: P00000002
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/15/2012
Self Employed: No

IRS PAYMENT: **N/A**

Details for attachments to Form

Self-Charged Interest Election (Form 1065)

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

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

Amortization	500
Professional Fees	225,000
Insurance	84,722

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

Other Cost	131,245

Note: Guaranteed payments are for medical insurance

Jennings Boats, LLC

69-0000002

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning 01/01 **, 2011, ending** 12/31 **, 20** 11 .

▶ **See separate instructions.**

OMB No. 1545-0099

2011

A Principal business activity: Boat Sales	Name of partnership: Jennings Boat, LLC	**D** Employer identification number: 69-0000002
B Principal product or service: Sales & Services	Number, street, and room or suite no. If a P.O. box, see the instructions.: Rt 1 Box 843	**E** Date business started: 01/01/2010
C Business code number: 441222	City or town, state, and ZIP code: Bar Harbor, ME 04609	**F** Total assets (see the instructions): $ 2,749,483

Print or type.

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.*

Income	1a	Merchant card and third-party payments (including amounts reported on Form(s) 1099-K)	1a				
	b	Gross receipts or sales not reported on line 1a	1b	4,212,980			
	c	Total. Add lines 1a and 1b	1c	4,212,980			
	d	Returns and allowances plus any "cash back" included on line 1a	1d	350,000			
	e	Subtract line 1d from line 1c	1e	3,862,980			
	2	Cost of goods sold (attach Form 1125-A)	2	3,508,023			
	3	Gross profit. Subtract line 2 from line 1e			3	354,957	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4		
	5	Net farm profit (loss) (attach Schedule F (Form 1040))			5		
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	9,000	
	7	Other income (loss) (attach statement)			7		
	8	**Total income (loss).** Combine lines 3 through 7			8	363,957	
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)			9	150,000	
	10	Guaranteed payments to partners			10	110,000	
	11	Repairs and maintenance			11	5,562	
	12	Bad debts			12		
	13	Rent			13	265,740	
	14	Taxes and licenses			14	33,450	
	15	Interest			15	95,362	
	16a	Depreciation (if required, attach Form 4562)	16a	100,976			
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b		16c	100,976	
	17	Depletion **(Do not deduct oil and gas depletion.)**			17		
	18	Retirement plans, etc.			18		
	19	Employee benefit programs			19	1,250	
	20	Other deductions (attach statement)			20	310,222	
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			21	1,072,562	
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			22	(708,605)	

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.

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

▶ Signature of general partner or limited liability company member manager ▶ Date 4/15/2012

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
Paul Jennings		4/15/2012		P00000002

Firm's name ▶ ELECTRIC TAX FILERS INC — Firm's EIN ▶ 69-0000098

Firm's address ▶ 1065 EFILE DRIVE, ANYTOWN, NV 89501 — Phone no. 555-631-1212

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2011)

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☐ Domestic limited partnership		
c	☑ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		✔
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	✔	
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✔

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

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

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✔
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✔
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✔
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
10	At any time during calendar year 2011, 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. ▶		✔
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✔
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		✔
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✔
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		✔
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✔
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		✔
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions		✔
b	If "Yes," did you or will you file all required Form(s) 1099?		✔
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner 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 ▶			

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

Analysis of Net Income (Loss)

1	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	1	(598,355)

2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners		(244,178)				
b Limited partners		(354,177)				

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash				75,500
2a	Trade notes and accounts receivable			42,555	
b	Less allowance for bad debts				42,555
3	Inventories				2,225,675
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			501,229	
b	Less accumulated depreciation			100,976	400,253
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)			6,000	
b	Less accumulated amortization			500	5,500
13	Other assets (attach statement)				
14	Total assets				2,749,483
	Liabilities and Capital				
15	Accounts payable				496,442
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				345,622
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				2,375,869
21	Partners' capital accounts				(468,450)
22	Total liabilities and capital				2,749,483

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

Schedule M-2 Analysis of Partners' Capital Accounts

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

Jennings Boats, LLC

69-0000002

Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

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

OMB No. 1545-XXXX

Name: Jennings Boat, LLC

Employer identification number: 69-0000002

1	Inventory at beginning of year	1		
2	Purchases	2	5,602,453	
3	Cost of labor	3		
4	Additional section 263A costs (attach schedule)	4		
5	Other costs (attach schedule)	5	131,245	
6	**Total.** Add lines 1 through 5	6	5,733,698	
7	Inventory at end of year	7	2,225,675	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	3,508,023	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R Form **1125-A** (12-2011)

Jennings Boats, LLC

69-0000002

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Jennings Boats, LLC	Boat Sales	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.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	73,490
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		22,444	3	HY	200 DB	7,481
b 5-year property		1,500	5	HY	200 DB	300
c 7-year property		26,555	7	HY	200 DB	3,792
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
		425,740		MM	S/L	10,913

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	5,000
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	100,976
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
2009 Pilot	07/22/11	100 %	25,000	25,000	5	200 DB-HY	5,000	
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**	5,000	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
Start Up	01/01/2011	6,000	195	5	500
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	500

Jennings Boats, LLC

69-0000002

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

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

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

OMB No. 1545-0184

2011

Attachment Sequence No. **27**

Name(s) shown on return: Jennings Boats, LLC

Identifying number: 69-0000002

1	Enter the gross proceeds from sales or exchanges reported to you for 2011 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)

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	
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	
	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	
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	9,000
17	Combine lines 10 through 16	17	9,000
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	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 13086I Form **4797** (2011)

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				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
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				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
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				
29 **If section 1255 property:**					
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	
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		

Jennings Boats, LLC

69-0000002

Form **8824**

Department of the Treasury
Internal Revenue Service

Like-Kind Exchanges

(and section 1043 conflict-of-interest sales)

▶ **Attach to your tax return.**

OMB No. 1545-1190

2011

Attachment Sequence No. **109**

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:

3	Date like-kind property given up was originally acquired (month, day, year)	3	01/21/2011
4	Date you actually transferred your property to other party (month, day, year)	4	07/22/2011
5	Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written identification requirement	5	07/22/2011
6	Date you actually received the like-kind property from other party (month, day, year). See instructions	6	07/22/2011

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

8

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).

For Paperwork Reduction Act Notice, see the instructions. Cat. No. 12311A Form **8824** (2011)

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 | 69-0000002

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	
	Caution: *If the property given up was used previously or partly as a home, see* **Property used as home** *in the instructions.*				
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred (see instructions)			15	9,000
16	FMV of like-kind property you received			16	30,000
17	Add lines 15 and 16			17	39,000
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses **not** used on line 15 (see instructions)			18	25,000
19	**Realized gain or (loss).** Subtract line 18 from line 17			19	14,000
20	Enter the smaller of line 15 or line 19, but not less than zero			20	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions)			21	9,000
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions)			22	
23	**Recognized gain.** Add lines 21 and 22			23	9,000
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions			24	5,000
25	**Basis of like-kind property received.** 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. (**Do not** 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	
30	Sales price of divested property (see instructions)	30			
31	Basis of divested property	31			
32	**Realized gain.** 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	**Deferred gain.** Subtract the sum of lines 35 and 36 from line 32			37	
38	**Basis of replacement property.** Subtract line 37 from line 33			38	

Jennings Boats, LLC

69-0000002

Form **8925**
(Rev. January 2010)
Department of the Treasury
Internal Revenue Service (99)

Report of Employer-Owned Life Insurance Contracts

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

OMB No. 1545-2089

Attachment Sequence No. **160**

Name(s) shown on return	Identifying number
Jennings Boats, LLC	69-0000002
Name of policyholder, if different from above	Identifying number, if different from above

Type of business
111100

1	Enter the number of employees the policyholder had at the end of the tax year	1	3
2	Enter the number of employees included on line 1 who were insured at the end of the tax year under the policyholder's employer-owned life insurance contract(s) issued after August 17, 2006. See *Section 1035 exchanges* on page 2 for an exception	2	1
3	Enter the total amount of employer-owned life insurance in force at the end of the tax year for employees who were insured under the contract(s) specified on line 2	3	50,000
4a	Does the policyholder have a valid consent (see instructions) for each employee included on line 2? ☑ Yes ☐ No		
b	If "No," enter the number of employees included on line 2 for whom the policyholder does not have a valid consent	4b	

General Instructions

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

Purpose of Form

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

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

Definitions

Employer-owned life insurance contract. For purposes of Form 8925, an insurance contract is an 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.

SCHEDULE B-1 (Form 1065)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Partners Owning 50% or More of the Partnership

▶ **Attach to Form 1065. See instructions on back.**

OMB No. 1545-0099

Name of partnership	Employer identification number (EIN)
Jennings Boats, LLC	69-0000002

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
James Stephens	000-10-0002	US	50%
Daniel Jennings	000-10-0001	US	50%

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. Cat. No. 49842K **Schedule B-1 (Form 1065) (Rev. 12-2011)**

Jennings Boats, LLC

69-0000002

SCHEDULE M-3 (Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

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

OMB No. 1545-0099

2011

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

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

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
a	Included on Part I, line 4	6,275,256	3,589,605
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7	6,275,256	3,589,605

For Paperwork Reduction Act Notice, see the Instructions for your return.

Cat. No. 39669D

Schedule M-3 (Form 1065) 2011

Jennings Boats, LLC

69-0000002

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

2011

Name of transferor: **Carlton Asset Management, LP**

Filer's identifying number: **69-0000003**

Name of foreign partnership: **Mai Tai Investments**

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							
Marketable securities							
Inventory							
Tangible property used in trade or business	08/08/2011	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**

For Paperwork Reduction Act Notice, see the Instructions for Form 8865. Cat. No. 25909U **Schedule O (Form 8865) 2011**

Name of partnership: Carlton Asset Management, LP

Employer identification number: 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 schedules for lines 1 through 9)				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships	10,229,525			10,229,525
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach details)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22	10,229,525			10,229,525
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(2,222)		(560,789)	(563,011)
25	Other items with no differences	396,746,957			396,746,957
26	**Reconciliation totals.** Combine lines 23 through 25	406,974,260		(560,789)	406,413,471

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

Name of partnership: Carlton Asset Management, LP

Employer identification number: 69-0000003

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

	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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	2,222		560,789	563,011

Carlton Asset Management, LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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 ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Individual

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)

☒ 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

1	Ordinary business income (loss) (354,303)	15	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
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 125
14	Self-employment earnings (loss) A(248,803)		
	C(248,803)		

*See attached statement for additional information.

For IRS Use Only

Carlton Asset Management, LP

69-0000003 651111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) (354,303)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
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
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 125
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

TEST SCENARIO 3

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

ATTACHMENTS:
Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Page 1 Line 4)
Other Income (Loss) Statement (Form 1065, Line7)
Itemized Other Deductions Statement (Page 1, Line 20)
Income (loss) From Foreign Partnerships Schedule (Sch M-3, Part II, Line 8)
Section 754 Election

BINARY ATTACHMENTS: None

HEADER INFO:

Tax Period: Calendar Year 2011

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: 03/15/2012

Preparer:
Name: John Smith
PTIN: P00000003
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 03/14/2012
Self Employed: No

Details for attachments to Form

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

Partnership, Estate or 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")

Carlton Asset Management, LP

69-0000003

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning 01/01 **, 2011, ending** 12/31 **, 20** 11 .

▶ **See separate instructions.**

OMB No. 1545-0099

2011

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

Print or type.

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.*

Income	1a	Merchant card and third-party payments (including amounts reported on Form(s) 1099-K)	1a				
	b	Gross receipts or sales not reported on line 1a	1b				
	c	Total. Add lines 1a and 1b	1c				
	d	Returns and allowances plus any "cash back" included on line 1a	1d				
	e	Subtract line 1d from line 1c	1e				
	2	Cost of goods sold (attach Form 1125-A)	2				
	3	Gross profit. Subtract line 2 from line 1e				3	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	10,229,525
	5	Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
	7	Other income (loss) (attach statement)				7	400,420,252
	8	**Total income (loss).** Combine lines 3 through 7				8	410,649,777
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)				9	1,179,658
	10	Guaranteed payments to partners				10	561,900
	11	Repairs and maintenance				11	8,610
	12	Bad debts				12	
	13	Rent				13	729,654
	14	Taxes and licenses				14	871,972
	15	Interest				15	
	16a	Depreciation (if required, attach Form 4562)	16a	62,765			
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b			16c	62,765
	17	Depletion **(Do not deduct oil and gas depletion.)**				17	
	18	Retirement plans, etc.				18	345,678
	19	Employee benefit programs				19	
	20	Other deductions (attach statement)				20	398,652
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20				21	4,158,889
	22	**Ordinary business income (loss).** Subtract line 21 from line 8				22	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 3/15/2012

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 ☐ if self- employed	PTIN
John Smith		3/14/2012		P00000003

Firm's name ▶ ELECTRIC TAX FILERS INC — Firm's EIN ▶ 69-0000098

Firm's address ▶ 1065 EFILE DRIVE, ANYTOWN, NV 89501 — Phone no. 555-631-1212

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2011)

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☑ Domestic limited partnership		
c	☐ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	✔	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	✔	
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✔

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

		Yes	No
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
Mai Tai Investment	69-0000099	Partnership	Japan	25%

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✔
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✔
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✔
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
10	At any time during calendar year 2011, 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. ▶		✔
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✔
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.	✔	
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✔
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		✔
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✔
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		✔
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions		✔
b	If "Yes," did you or will you file all required Form(s) 1099?		✔
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner 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		

Schedule K	Partners' Distributive Share Items			Total amount
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	405,490,888
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss) 3a		
	b	Expenses from other rental activities (attach statement) 3b		
	c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	561,900
	5	Interest income	5	36,525
	6	Dividends: a Ordinary dividends	6a	
		b Qualified dividends 6b		
	7	Royalties	7	
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b	Collectibles (28%) gain (loss) 9b		
	c	Unrecaptured section 1250 gain (attach statement) 9c		
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
Deductions	12	Section 179 deduction (attach Form 4562)	12	43,332
	13a	Contributions	13a	
	b	Investment interest expense	13b	
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
	d	Other deductions (see instructions) Type ▶	13d	
Self-Employment	14a	Net earnings (loss) from self-employment	14a	41,210,989
	b	Gross farming or fishing income	14b	
	c	Gross nonfarm income	14c	41,210,989
Credits	15a	Low-income housing credit (section 42(j)(5))	15a	
	b	Low-income housing credit (other)	15b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d	Other rental real estate credits (see instructions) Type ▶	15d	
	e	Other rental credits (see instructions) Type ▶	15e	
	f	Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a	Name of country or U.S. possession ▶		
	b	Gross income from all sources	16b	10,229,530
	c	Gross income sourced at partner level	16c	
		Foreign gross income sourced at partnership level		
	d	Passive category ▶ e General category ▶ f Other ▶	16f	
		Deductions allocated and apportioned at partner level		
	g	Interest expense ▶ h Other ▶	16h	
		Deductions allocated and apportioned at partnership level to foreign source income		
	i	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): ▶ Paid ☑ Accrued ☐	16l	632,510
	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	
	b	Adjusted gain or loss	17b	
	c	Depletion (other than oil and gas)	17c	
	d	Oil, gas, and geothermal properties—gross income	17d	
	e	Oil, gas, and geothermal properties—deductions	17e	
	f	Other AMT items (attach statement)	17f	
Other Information	18a	Tax-exempt interest income	18a	
	b	Other tax-exempt income	18b	
	c	Nondeductible expenses	18c	1,111
	19a	Distributions of cash and marketable securities	19a	408,202,737
	b	Distributions of other property	19b	
	20a	Investment income	20a	36,525
	b	Investment expenses	20b	
	c	Other items and amounts (attach statement)		

Analysis of Net Income (Loss)

1	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	1	406,413,471

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners				41,147,057		
b	Limited partners			4,058,516	361,207,898		

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		5,232,390		6,027,450
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)				
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	1,621,740		1,682,950	
b	Less accumulated depreciation	1,372,379	249,361	1,435,144	247,806
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		5,481,751		6,275,256
	Liabilities and Capital				
15	Accounts payable		1,567,623		3,049,605
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				540,000
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		3,914,128		2,685,651
22	Total liabilities and capital		5,481,751		6,275,256

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 1 through 11 (itemize): a Tax-exempt interest $	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):				
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize): a Depreciation $	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize): 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	3,914,128	6	Distributions: a Cash	408,202,737
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	406,974,260			
4	Other increases (itemize):		8	Add lines 6 and 7	408,202,737
5	Add lines 1 through 4	410,888,288	9	Balance at end of year. Subtract line 8 from line 5	2,685,651

Carlton Asset Management, LP

69-0000003

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Carlton Asset Management, LP	Carlton Asset Management, LP	69-0000003

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)	1	250,000
2	Total cost of section 179 property placed in service (see instructions)	2	43,332
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	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	5	250,000

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
Office Equipment	23,456	23,456
Furniture/Fixtures	19,876	19,876

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	43,332
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	43,332
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	250,00
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	43,332
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	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 2011	17	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 ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	62,765
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Carlton Asset Management, LP

69-0000003

Form **8865**

Department of the Treasury
Internal Revenue Service

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

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

Information furnished for the foreign partnership's tax year beginning 01/01, 2011 and ending 12/31, 20 11

OMB No. 1545-1668

2011

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)
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 11, and ending 12/31, 20 11

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.)

3 Country under whose laws organized: Japan

4 Date of organization	5 Principal place of business	6 Principal business activity code number	7 Principal business activity	8a Functional currency	8b Exchange rate (see instr.)
09/13/1992	Japan	523110	Security Dealing	Yen	.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) . . . . . ▶ 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.

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 3/15/2011

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
John Smith		3/14/2011		P00000003
Firm's name ▶ Electronic Tax Filers, Inc			Firm's EIN ▶	69-0000098
Firm's address ▶ 123 Any Street, Anytown, NY 11717			Phone no.	555-631-1212

Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 25852A Form **8865** (2011)

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	69-0000003		✔
	San Francisco, CA 94101			

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.

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

Schedule D **Capital Gains and Losses** (Use Schedule D-1 (Form 1065) to list additional transactions for lines 1 and 7)

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

(a) Description of property (Example: 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					

2	Enter short-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 2	2	
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37	3	
4	Short-term capital gain (loss) from like-kind exchanges from Form 8824	4	
5	Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts	5	
6	**Net short-term capital gain or (loss).** Combine lines 1 through 5 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11	6	

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

(a) Description of property (Example: 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
7					

8	Enter long-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 8	8	
9	Long-term capital gain from installment sales from Form 6252, line 26 or 37	9	
10	Long-term capital gain (loss) from like-kind exchanges from Form 8824	10	
11	Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts	11	
12	Capital gain distributions	12	
13	**Net long-term capital gain or (loss).** Combine lines 7 through 12 in column (f). Enter here and on Form 8865, Schedule K, line 9a or 11	13	

Schedule K		Partners' Distributive Share Items			Total amount
Income (Loss)	1	Ordinary business income (loss) (page 2, line 22)		1	40,918,100
	2	Net rental real estate income (loss) (attach Form 8825)		2	
	3a	Other gross rental income (loss)	3a		
	b	Expenses from other rental activities (attach statement)	3b		
	c	Other net rental income (loss). Subtract line 3b from line 3a		3c	
	4	Guaranteed payments		4	
	5	Interest income		5	
	6	Dividends: a Ordinary dividends		6a	
		b Qualified dividends	6b		
	7	Royalties		7	
	8	Net short-term capital gain (loss)		8	
	9a	Net long-term capital gain (loss)		9a	
	b	Collectibles (28%) gain (loss)	9b		
	c	Unrecaptured section 1250 gain (attach statement)	9c		
	10	Net section 1231 gain (loss) (attach Form 4797)		10	
	11	Other income (loss) (see instructions) Type ▶		11	
Deductions	12	Section 179 deduction (attach Form 4562)		12	
	13a	Contributions		13a	
	b	Investment interest expense		13b	
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶		13c(2)	
	d	Other deductions (see instructions) Type ▶		13d	
Self-Employment	14a	Net earnings (loss) from self-employment		14a	
	b	Gross farming or fishing income		14b	
	c	Gross nonfarm income		14c	
Credits	15a	Low-income housing credit (section 42(j)(5))		15a	
	b	Low-income housing credit (other)		15b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)		15c	
	d	Other rental real estate credits (see instructions) Type ▶		15d	
	e	Other rental credits (see instructions) Type ▶		15e	
	f	Other credits (see instructions) Type ▶		15f	
Foreign Transactions	16a	Name of country or U.S. possession ▶			
	b	Gross income from all sources		16b	40,918,100
	c	Gross income sourced at partner level		16c	
		Foreign gross income sourced at partnership level			
	d	Passive category ▶ e General category ▶ f Other (attach statement) ▶		16f	
		Deductions allocated and apportioned at partner level			
	g	Interest expense ▶ h Other ▶		16h	
		Deductions allocated and apportioned at partnership level to foreign source income			
	i	Passive category ▶ j General category ▶ k Other (attach statement) ▶		16k	
	l	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued		16l	2,530,040
	m	Reduction in taxes available for credit (attach statement)		16m	
	n	Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment		17a	
	b	Adjusted gain or loss		17b	
	c	Depletion (other than oil and gas)		17c	
	d	Oil, gas, and geothermal properties—gross income		17d	
	e	Oil, gas, and geothermal properties—deductions		17e	
	f	Other AMT items (attach statement)		17f	
Other Information	18a	Tax-exempt interest income		18a	
	b	Other tax-exempt income		18b	
	c	Nondeductible expenses		18c	
	19a	Distributions of cash and marketable securities		19a	
	b	Distributions of other property		19b	
	20a	Investment income		20a	
	b	Investment expenses		20b	
	c	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	
	Assets	(a)	(b)	(c)	(d)
1	Cash		1,750		2,250
2a	Trade notes and accounts receivable	27,000,000		14,000,000	
b	Less allowance for bad debts		27,000,000		14,000,000
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	115,000,000		187,000,000	
b	Less accumulated depreciation	11,000,000	104,000,000	13,081,900	183,918,100
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	**Total** assets		131,001,750		197,920,350
	Liabilities and Capital				
15	Accounts payable		1,000,000		1,500,000
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		130,001,750		196,420,350
22	**Total** 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
1	Total U.S. assets		
2	Total foreign assets:		
a	Passive category		
b	General category		
c	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.")

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

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

1	Balance at beginning of year	130,001,750		6	Distributions: a Cash		
2	Capital contributed:				b Property		
	a Cash	9,450,500		7	Other decreases (itemize):		
	b Property	16,000,000					
3	Net income (loss) per books	3,968,100					
4	Other increases (itemize):			8	Add lines 6 and 7		
5	Add lines 1 through 4	196,420,350		9	Balance at end of year. Subtract line 8 from line 5	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)
1	Sales of inventory				
2	Sales of property rights (patents, trademarks, etc.)				
3	Compensation received for technical, managerial, engineering, construction, or like services				
4	Commissions received				
5	Rents, royalties, and license fees received				
6	Distributions received				
7	Interest received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
13	Compensation paid for technical, managerial, engineering, construction, or like services				
14	Commissions paid				
15	Rents, royalties, and license fees paid				
16	Distributions paid				
17	Interest paid				
18	Other				
19	Add lines 10 through 18				
20	Amounts borrowed (enter the maximum loan balance during the year). See instructions				
21	Amounts loaned (enter the maximum loan balance during the year). See instructions				

SCHEDULE B-1 (Form 1065)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Partners Owning 50% or More of the Partnership

▶ **Attach to Form 1065. See instructions on back.**

OMB No. 1545-0099

Name of partnership	Employer identification number (EIN)
Carlton Asset Management, LP	69-0000003

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. Cat. No. 49842K **Schedule B-1 (Form 1065) (Rev. 12-2011)**

Carlton Asset Management, LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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
69-3000002

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

I What type of entity is this partner? Partnership

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

1	Ordinary business income (loss) 361,776,890	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		A Japan
5	Interest income 32,507		B 9,104,282
6a	Ordinary dividends		D 9,104,282
6b	Qualified dividends		L 562,934
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 989
		19	Distributions
12	Section 179 deduction 38,567		A 363,300,436
13	Other deductions	20	Other information
			A 32,507
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Carlton Asset Management, LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) 4,064,909	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		A Japan
5	Interest income 365		B 102,295
6a	Ordinary dividends		D 102,295
6b	Qualified dividends		L 6,325
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 11
		19	Distributions
12	Section 179 deduction 433		A 4,082,027
13	Other deductions	20	Other information
			A 365
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Carlton Asset Management, LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Partnership

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

1	Ordinary business income (loss) 40,649,089	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 3,653		B 1,022,953
6a	Ordinary dividends		D 1,022,953
6b	Qualified dividends		L 63,251
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 111
		19	Distributions
12	Section 179 deduction 4,333		A 40,820,274
13	Other deductions	20	Other information
			A 3,653
14	Self-employment earnings (loss) A 41,210,989		
	C 41,210,989		

*See attached statement for additional information.

For IRS Use Only

TEST SCENARIO 4

FORMS REQUIRED:
1065, 4562, 4797, 8308, 1125-A, (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
Other Cost 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: 04/11/2012

Preparer: **Name: John Smith**
PTIN: P00000004
Phone: 555-631-1212
Email Address: Anymail@email.com

Date Prepared: 04/11/2012
Self Employed: No

Details for attachments to Form

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

Miscellaneous	36,522

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

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

Itemized Section 263A Costs Schedule (Form 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

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

Other Cost	3,118,745

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

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

Partnership's Charitable Contributions Statement (Form 1065, Page 4, Schedule K, Line 13a)

Type of Contribution	50% Cash Contribution
Amount	3,000

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

Other AMT Items	(22,101)

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

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

Eastland Quarries

69-0000004

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning _____, 2011, ending _____, 20 _____.
▶ See separate instructions.

OMB No. 1545-0099

2011

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

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.*

Income	1a	Merchant card and third-party payments (including amounts reported on Form(s) 1099-K)	1a				
	b	Gross receipts or sales not reported on line 1a	1b	15,200,800			
	c	Total. Add lines 1a and 1b	1c	15,200,800			
	d	Returns and allowances plus any "cash back" included on line 1a	1d	115,470			
	e	Subtract line 1d from line 1c	1e	15,085,330			
	2	Cost of goods sold (attach Form 1125-A)	2	7,000,032			
	3	Gross profit. Subtract line 2 from line 1e			3	8,085,298	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4		
	5	Net farm profit (loss) (attach Schedule F (Form 1040))			5		
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	37,400	
	7	Other income (loss) (attach statement)			7	36,522	
	8	**Total income (loss).** Combine lines 3 through 7			8	8,151,220	
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)			9	550,000	
	10	Guaranteed payments to partners			10		
	11	Repairs and maintenance			11	3,120,512	
	12	Bad debts			12	11,411	
	13	Rent			13	486,634	
	14	Taxes and licenses			14	262,140	
	15	Interest			15	38,106	
	16a	Depreciation (if required, attach Form 4562)	16a	1,552,633			
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b	1,552,633	16c		
	17	Depletion **(Do not deduct oil and gas depletion.)**			17	653,121	
	18	Retirement plans, etc.			18	53,721	
	19	Employee benefit programs			19	287,416	
	20	Other deductions (attach statement)			20	1,314,204	
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			21	6,777,265	
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			22	1,381,955	

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.

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

▶ Signature of general partner or limited liability company member manager ▶ Date 4/11/2012

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
John Smith		4/11/2012		P000000004
Firm's name ▶ ELECTRIC TAX FILERS INC			Firm's EIN ▶	69-0000098
Firm's address ▶ 1065 EFILE DRIVE, ANYTOWN, NV 89501			Phone no.	555-631-5555

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2011)

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☐ Domestic limited partnership		
c	☐ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		✔
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	✔	
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✔

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

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

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✔
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✔
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✔
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
10	At any time during calendar year 2011, 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. ▶		✔
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✔
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election?	✔	
	See instructions for details regarding a section 754 election.		
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✔
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		✔
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✔
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		✔
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions		✔
b	If "Yes," did you or will you file all required Form(s) 1099?		✔
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner 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 ▶			

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

Analysis of Net Income (Loss)

1	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	1	1,336,480

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners		735,064				
b	Limited partners		601,416				

Schedule L Balance Sheets per Books

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

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 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest $	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (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	21,828,154	6	Distributions: a Cash	1,900,000
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	3,319,009			
4	Other increases (itemize):		8	Add lines 6 and 7	1,900,000
5	Add lines 1 through 4	25,147,163	9	Balance at end of year. Subtract line 8 from line 5	23,247,163

Eastland Quarries

69-0000004

Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

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

OMB No. 1545-XXXX

Name: Eastland Quarries

Employer identification number: 69-0000004

1	Inventory at beginning of year	1	1,372,320	
2	Purchases	2	1,512,263	
3	Cost of labor	3	2,130,412	
4	Additional section 263A costs (attach schedule)	4	74,212	
5	Other costs (attach schedule)	5	3,118,745	
6	**Total.** Add lines 1 through 5	6	8,207,952	
7	Inventory at end of year	7	1,207.920	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	7,000,032	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R Form **1125-A** (12-2011)

Eastland Quarries

69-0000004

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Eastland Quarries	Quarries	69-0000004

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)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	182,157
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	1,300,700
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		55,260	5	HY	200 DB	11,052
c 7-year property		322,560	7	HY	200 DB	46,094
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	12,630
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	1,552,633
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
2011 Envoy	02/17/11	100 %	42,600	42,600	5	200 DB/HY	8,520	
2011 Honda Civ	01/01/11	100 %	20,550	20,550	5	200 DB/HY	4,110	
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**	12,630	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	✔	
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	✔	
39 Do you treat all use of vehicles by employees as personal use?		✔
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	✔	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		✔

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
Development	06/30/2011	104.106	291	5	10,411
43 Amortization of costs that began before your 2011 tax year				**43**	43,513
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	441,924

Eastland Quarries

69-0000004

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

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

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

OMB No. 1545-0184

2011

Attachment Sequence No. **27**

Name(s) shown on return: **Eastland Quarries**

Identifying number: 69-0000004

1	Enter the gross proceeds from sales or exchanges reported to you for 2011 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)
Stone Crusher	01/01/2009	06/30/2011	162,372	37,128	260,000	(60,500)

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	
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	4,000
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	(56,500)
	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	37,400
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	37,400
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	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 13086I Form **4797** (2011)

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 Machinery & Equipment	01/01/2010	06/01/2011
B Machinery & Equipment	01/30/2010	06/30/2011
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	70,000	13,000		
21 Cost or other basis plus expense of sale	21	82,000	9,000		
22 Depreciation (or depletion) allowed or allowable	22	44,000	5,400		
23 Adjusted basis. Subtract line 22 from line 21	23	38,000	3,600		
24 Total gain. Subtract line 23 from line 20	24	32,000	9,400		
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a	44,000	5,400		
b Enter the **smaller** of line 24 or 25a	25b	32,000	5,400		
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
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				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
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				
29 **If section 1255 property:**					
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	41,400
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	37,400
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	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)
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		

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

Report of a Sale or Exchange of Certain Partnership Interests

▶ **Please print or type.**

OMB No. 1545-0941

Name of partnership	Telephone number	Employer identification number
Eastland Quarries	(555) 555-5555	69 0000004

Number, street, and room or suite no. If a P.O. box, see instructions.
2313 Jackson Ave

City or town, state, and ZIP code
Portland, OR 97208

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

Name	Identifying number
Peter Teak	000-30-0001

Number and street (including apt. no.)
34 West Washington Ave

City or town, state, and ZIP code
Portland, OR 97208

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
Joseph Spruce	000-00-0002

Number and street (including apt. no.)
5421 North 2100 South

City or town, state, and ZIP code
Portland, OR 97208

Part III **Date of Sale or Exchange of Partnership Interest** ▶ 07 / 01 / 2011

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 B-1 (Form 1065)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Partners Owning 50% or More of the Partnership

▶ **Attach to Form 1065. See instructions on back.**

OMB No. 1545-0099

Name of partnership	Employer identification number (EIN)
Eastland Quarries	69-0000004

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. Cat. No. 49842K **Schedule B-1 (Form 1065) (Rev. 12-2011)**

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)**

Eastland Quarries

69-0000004

SCHEDULE D (Form 1065)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1065. ▶ See separate instructions.
▶ Use Schedule D-1 to list additional transactions for lines 1 and 7.

OMB No. 1545-0099

2011

Name of partnership: Eastland Quarries

Employer identification number: 69-0000004

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

(a) Description of property (Example: 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1 100 Shares ABC	04/09/2011	09/13/2011	5,000	2,700	2,300

2	Enter short-term capital gain or (loss), if any, from Schedule D-1, line 2	2	
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37	3	
4	Short-term capital gain (loss) from like-kind exchanges from Form 8824	4	
5	Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts	5	
6	**Net short-term capital gain or (loss).** Combine lines 1 through 5 in column (f). Enter here and on Form 1065, Schedule K, line 8 or 11	6	2,300

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

(a) Description of property (Example: 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
7 1 Acre Land	08/01/2005	01/10/2011	7,500	10,000	(2,500)

8	Enter long-term gain or (loss), if any, from Schedule D-1, line 8	8	
9	Long-term capital gain from installment sales from Form 6252, line 26 or 37	9	
10	Long-term capital gain (loss) from like-kind exchanges from Form 8824	10	
11	Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts	11	
12	Capital gain distributions	12	
13	**Net long-term capital gain or (loss).** Combine lines 7 through 12 in column (f). Enter here and on Form 1065, Schedule K, line 9a or 11	13	(2,500)

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. Cat. No. 11393G **Schedule D (Form 1065) 2011**

Eastland Quarries

69-0000004

SCHEDULE M-3 (Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

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

OMB No. 1545-0099

2011

Name of partnership	Employer identification number
Eastland Quarries	69-0000004

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

4a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	**4a**	3,319,009
b	Indicate accounting standard used for line 4a (see instructions): **1** ☑ GAAP **2** ☐ IFRS **3** ☐ 704(b) **4** ☐ Tax-basis **5** ☐ Other: (Specify) ▶		
5a	Net income from nonincludible foreign entities (attach schedule)	**5a**	( )
b	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	**5b**	
6a	Net income from nonincludible U.S. entities (attach schedule)	**6a**	( )
b	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	**6b**	
7a	Net income (loss) of other foreign disregarded entities (attach schedule)	**7a**	
b	Net income (loss) of other U.S. disregarded entities (attach schedule)	**7b**	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	**8**	
9	Adjustment to reconcile income statement period to tax year (attach schedule)	**9**	
10	Other adjustments to reconcile to amount on line 11 (attach schedule)	**10**	
11	**Net income (loss) per income statement of the partnership.** Combine lines 4a through 10	**11**	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
a	Included on Part I, line 4	28,234,548	4,987,385
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

For Paperwork Reduction Act Notice, see the Instructions for your return. Cat. No. 39669D **Schedule M-3 (Form 1065) 2011**

Name of partnership: Eastland Quarries

Employer identification number: 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 schedules 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 details)				
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	37,200			
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				2,300
c	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				(2,500)
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				37,400
e	Abandonment losses				
f	Worthless stock losses (attach details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22	27,300			37,200
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(88,989)	(1,994,529)	12,000	(2,071,518)
25	Other items with no differences	3,370,798			3,370,798
26	**Reconciliation totals.** 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: Eastland Quarries

Employer identification number: 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)	12,0000
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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	88,989	1,994,529	(12,000)	2,071,518

Eastland Quarries

69-0000004 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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 Teak
48 Adams Ave
Portland, OR 97208

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Individual

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

	Beginning	Ending
Profit	55 %	55 %
Loss	55 %	55 %
Capital	55 %	55 %

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

1	Ordinary business income (loss) 760,075	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 7,824		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss) 1,265		
9a	Net long-term capital gain (loss) (1,375)	17	Alternative minimum tax (AMT) items A(109,684)
9b	Collectibles (28%) gain (loss)		B(8,592)C 340,881
9c	Unrecaptured section 1250 gain		F(12,155)
10	Net section 1231 gain (loss) (31,075)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		A 1,045,000
13	Other deductions	20	Other information
	A 1,650		
			A 7,824
14	Self-employment earnings (loss) A 739,523		
	C 739,523		

*See attached statement for additional information.

For IRS Use Only

Eastland Quarries

69-0000004 51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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) . $ 746,777
Withdrawals & distributions . . $ (855,000)
Ending capital account . . . . $ 10,461,224

☐ 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

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

*See attached statement for additional information.

For IRS Use Only

Eastland Quarries

69-0000004 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) 310,940	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 3,201		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss) 518		
9a	Net long-term capital gain (loss) (563)	17	Alternative minimum tax (AMT) items A(44,871)
9b	Collectibles (28%) gain (loss)		B(3,515)C 139,451
9c	Unrecaptured section 1250 gain		F(4,973)
10	Net section 1231 gain (loss) (12,713)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions A 675	20	Other information A 3,201
14	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 2011

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
Date Signed: 04/15/2012

Preparer: Name: John Doe
PTIN: P00000005
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/15/2012
Self Employed: No

IRS PAYMENT: N/A

Details for attachments

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

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

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

Type	Amount
Cancellation of Debt Income	$478,206

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

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

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

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

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

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

Shoebill Unlimited

69-0000005

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning _____, 2011, ending _____, 20 _____.
▶ See separate instructions.

OMB No. 1545-0099

2011

A Principal business activity: Food Manufacture	Print or type.	Name of partnership: Shoebill Unlimited	**D** Employer identification number: 69-0000005
B Principal product or service: Dairy Products		Number, street, and room or suite no. If a P.O. box, see the instructions.: 5551 Elliot Road	**E** Date business started: 10/01/1968
C Business code number: 311500		City or town, state, and ZIP code: Salt Lake City, UT 84101	**F** Total assets (see the instructions): $ 71,419,054

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.*

Income	1a	Merchant card and third-party payments (including amounts reported on Form(s) 1099-K)	1a				
	b	Gross receipts or sales not reported on line 1a	1b	47,291,088			
	c	Total. Add lines 1a and 1b	1c	47,291,088			
	d	Returns and allowances plus any "cash back" included on line 1a	1d				
	e	Subtract line 1d from line 1c	1e	47,291,088			
	2	Cost of goods sold (attach Form 1125-A)	2	21,882,071			
	3	Gross profit. Subtract line 2 from line 1e			3	25,409,017	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4	23,712	
	5	Net farm profit (loss) (attach Schedule F (Form 1040))			5	636,570	
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6		
	7	Other income (loss) (attach statement)			7	478,206	
	8	**Total income (loss).** Combine lines 3 through 7			8	26,547,505	
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)			9	804,722	
	10	Guaranteed payments to partners			10		
	11	Repairs and maintenance			11	17,239	
	12	Bad debts			12	2,571,330	
	13	Rent			13	900,022	
	14	Taxes and licenses			14	44,444	
	15	Interest			15	912,647	
	16a	Depreciation (if required, attach Form 4562)	16a	6,226,647			
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b	6,064,407	16c	162,240	
	17	Depletion **(Do not deduct oil and gas depletion.)**			17		
	18	Retirement plans, etc.			18		
	19	Employee benefit programs			19		
	20	Other deductions (attach statement)			20	8,961,480	
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			21	14,374,124	
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			22	12,173,381	

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.

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

▶ Signature of general partner or limited liability company member manager ▶ Date 4/15/2012

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
John Doe		4/15/2012		P00000005
Firm's name ▶ ELECTRIC TAX FILERS INC			Firm's EIN ▶	69-0000098
Firm's address ▶ 1065 EFILE DRIVE, ANYTOWN, NV 89501			Phone no.	555-631-5555

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2011)

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☑ Domestic limited partnership		
c	☐ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	✔	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✔

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

		Yes	No
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

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✔
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✔
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?	✔	
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
10	At any time during calendar year 2011, 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. ▶		✔
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✔
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		✔
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✔
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		✔
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✔
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		✔
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions		✔
b	If "Yes," did you or will you file all required Form(s) 1099?		✔
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		

Designation of Tax Matters Partner (see instructions)

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

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

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

Analysis of Net Income (Loss)

1	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	1	17,762,463

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners			4,440,615			
b	Limited partners		8,881,232		4,440,616		

Schedule L Balance Sheets per Books

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

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 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest $	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (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	17,574,977	6	Distributions: a Cash	
2	Capital contributed: a Cash	500,000		b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	16,839,091			
4	Other increases (itemize):		8	Add lines 6 and 7	
5	Add lines 1 through 4	34,914,068	9	Balance at end of year. Subtract line 8 from line 5	34,914,068

Shoebill Unlimited

69-0000005

Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

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

OMB No. 1545-XXXX

Name: **Shoebill Unlimited**

Employer identification number: **69-0000005**

1	Inventory at beginning of year	**1**	**27,126,200**	
2	Purchases	**2**	**12,960,400**	
3	Cost of labor	**3**		
4	Additional section 263A costs (attach schedule)	**4**		
5	Other costs (attach schedule)	**5**		
6	**Total.** Add lines 1 through 5	**6**	**40,086,600**	
7	Inventory at end of year	**7**	**18,204,529**	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	**8**	**21,882,071**	

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R Form **1125-A** (12-2011)

Shoebill Unlimited

69-0000005

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Shoebill Unlimited	Dairy Products MFG	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.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	5,075,260
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		2,642,388	5	HY	200 DB	528,478
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	5,726,037
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Shoebill Unlimited

69-0000005

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Shoebill Unlimited	Dairy Products MFG	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.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	22,361
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	131,190
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		6,120	3	HY	S/L	1,020
b 5-year property		29,304	5	HY	200 DB	5,861
c 7-year property		10,885	7	HY	200 DB	1,555
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property	2011-4	9,856	39 yrs.	MM	S/L	253
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	162,240
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Shoebill Unlimited

69-0000005

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Shoebill Unlimited	Dairy Products MFG	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.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	338,370
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	338,370
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Shoebill Unlimited

69-0000005

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

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

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

OMB No. 1545-0184

2011

Attachment Sequence No. **27**

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

Identifying number: **69-0000005**

1	Enter the gross proceeds from sales or exchanges reported to you for 2011 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)

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	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 13086I Form **4797** (2011)

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	04/30/2010	06/30/2011
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			
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a	150,000			
b Enter the **smaller** of line 24 or 25a	25b	150,000			
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
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				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
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				
29 **If section 1255 property:**					
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		

Shoebill Unlimited

69-0000005

Form **6252**

Department of the Treasury
Internal Revenue Service

Installment Sale Income

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

OMB No. 1545-0228

2011

Attachment Sequence No. **79**

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) ▶ **04/30/2010** b Date sold (mm/dd/yyyy) ▶ **06/30/2011**

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.

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

Part II Installment Sale Income. Complete this part for the year of sale **and** any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

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

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)	30	
31	Enter contract price from line 18 for year of first sale	31	
32	Enter the **smaller** of line 30 or line 31	32	
33	Total payments received by the end of your 2011 tax year (see instructions)	33	
34	Subtract line 33 from line 32. If zero or less, enter -0-	34	
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35	
36	Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)	36	
37	Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37	

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 13601R

Form **6252** (2011)

Shoebill Unlimited

69-0000005

Form **6252**

Department of the Treasury
Internal Revenue Service

Installment Sale Income

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

OMB No. 1545-0228

2011

Attachment Sequence No. **79**

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

Identifying number: **69-0000005**

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.

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

Part II Installment Sale Income. Complete this part for the year of sale **and** any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

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

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)	30	
31	Enter contract price from line 18 for year of first sale	31	
32	Enter the **smaller** of line 30 or line 31	32	
33	Total payments received by the end of your 2011 tax year (see instructions)	33	
34	Subtract line 33 from line 32. If zero or less, enter -0-	34	
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35	
36	Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)	36	
37	Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37	

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 13601R

Form **6252** (2011)

Shoebill Unlimited

69-0000005

Form **8825**
(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

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

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name: Shoebill Unlimited

Employer identification number: 69-0000005

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
A	1201 New File Ave Modern, UT 84101	Commercial	365	
B				
C				
D				

			Properties A	B	C	D
	Rental Real Estate Income					
2	Gross rents	2	7,381,514			
	Rental Real Estate Expenses					
3	Advertising	3	4,230			
4	Auto and travel	4	7,135			
5	Cleaning and maintenance	5				
6	Commissions	6	21,300			
7	Insurance	7	155,940			
8	Legal and other professional fees	8	38,342			
9	Interest	9	406,581			
10	Repairs	10	3,220			
11	Taxes	11	5,704			
12	Utilities	12	7,311			
13	Wages and salaries	13	126,211			
14	Depreciation (see instructions)	14	5,726,037			
15	Other (list) ▶	15				
16	Total expenses for each property. Add lines 3 through 15	16	6,502,011			
17	Income or (Loss) from each property. Subtract line 16 from line 2	17	879,503			

18a	Total gross rents. Add gross rents from line 2, columns A through H	18a	7,381,514
b	Total expenses. Add total expenses from line 16, columns A through H	18b	(6,502,011)
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	150,000
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:		
	(1) Name	**(2)** Employer identification number	
21	Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • **Form 1065 or 1120S:** Schedule K, line 2, or • **Form 1065-B:** Part I, line 4	21	1,029,503

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2010)

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.			
	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
E				
F				
G				
H				

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

Allowable Codes for Type of Property

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

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

Shoebill Unlimited

69-0000005

SCHEDULE F (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.
▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074

2011

Attachment Sequence No. 14

Name of proprietor: Browns Cows

Social security number (SSN):

A Principal crop or activity: Dairy Cattle

B Enter code from Part IV ▶ 1 1 2 1 2 0

C Accounting method: ☑ Cash ☐ Accrual

D Employer ID number (EIN), if any: 6 9 0 0 0 0 0 2 5

E Did you "materially participate" in the operation of this business during 2011? If "No," see instructions for limit on passive losses. ☑ Yes ☐ No

F Did you make any payments in 2011 that would require you to file Form(s) 1099 (see page F-3 of the instructions) . . . . . ☐ Yes ☑ No

G If "Yes," did you or will you file all 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.)

1a	Specified sales of livestock and other resale items (see page F-3)			1a					
b	Sales of livestock and other resale items not reported on line 1a			1b	135,960				
c	Total			1c	135,960				
d	Cost or other basis of livestock or other items reported on line 1c			1d	65,230				
e	Subtract line 1d from line 1c						1e	70,730	
2a	Specified sales of products you raised (see page F-3)						2a		
b	Sales of products you raised not reported on line 2a						2b	2,630,180	
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	11,450		3b	Taxable amount	3b	11,450	
4a	Agricultural program payments (see page F-3)	4a	67,810		4b	Taxable amount	4b	67,810	
5a	Commodity Credit Corporation (CCC) loans reported under election						5a	6,650	
b	CCC loans forfeited	5b			5c	Taxable amount	5c		
6	Crop insurance proceeds and federal crop disaster payments (see page F-3):								
a	Amount received in 2011	6a			6b	Taxable amount	6b		
c	If election to defer to 2012 is attached, check here ▶ ☐			6d	Amount deferred from 2010		6d		
7a	Specified custom hire (machine work) income (see page F-3)						7a		
b	Custom hire income not reported on line 7a						7b	12,580	
8a	Specified other income (see page F-3)						8a		
b	Other income not reported on line 8a (see page F-3)						8b	1,420	
9	**Gross income.** Add amounts in the right column (lines 1e, 2a, 2b, 3b, 4b, 5a, 5c, 6b, 6d, 7a, 7b, 8a, and 8b). If you use the accrual method, enter the amount from Part III, line 50 ▶						9	2,800,820	

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses (see page F-4).

10	Car and truck expenses (see instructions). Also attach **Form 4562**	10			23	Pension and profit-sharing plans	23		
					24	Rent or lease (see instructions):			
11	Chemicals	11	49,640		a	Vehicles, machinery, equipment	24a	96,600	
12	Conservation expenses (see instructions)	12	67,810		b	Other (land, animals, etc.)	24b	135,040	
13	Custom hire (machine work)	13	80,550		25	Repairs and maintenance	25	58,750	
14	Depreciation and section 179 expense (see page F-5)	14	338,370		26	Seeds and plants	26	11,680	
					27	Storage and warehousing	27	74,330	
15	Employee benefit programs other than on line 23	15			28	Supplies	28	32,010	
					29	Taxes	29	55,040	
16	Feed	16	508,140		30	Utilities	30	85,080	
17	Fertilizers and lime	17	65,440		31	Veterinary, breeding, and medicine	31		
18	Freight and trucking	18	37,130		32	Other expenses (specify):			
19	Gasoline, fuel, and oil	19	62,160		a		32a		
20	Insurance (other than health)	20	33,620		b		32b		
21	Interest:				c		32c		
a	Mortgage (paid to banks, etc.)	21a	31,750		d		32d		
b	Other	21b	77,380		e		32e		
22	Labor hired (less employment credits)	22	263,680		f		32f		

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	636,570	

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Did you receive a subsidy in 2011? (see page F-7) . . . . . ☐ Yes ☑ No

36 Check the box that describes your investment in this activity and see page F-7 for where to report your loss.

a ☐ All investment is at risk. b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 11346H **Schedule F (Form 1040) 2011**

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

37a	Specified sales of livestock, produce, grains, and other products (see page F-4)					37a		
b	Sales of livestock, produce, grains, and other products not reported on line 37a					37b		
38a	Cooperative distributions (Form(s) 1099-PATR)	38a			38b Taxable amount	38b		
39a	Agricultural program payments	39a			39b Taxable amount	39b		
40	Commodity Credit Corporation (CCC) loans:							
a	CCC loans reported under election					40a		
b	CCC loans forfeited	40b			40c Taxable amount	40c		
41	Crop insurance proceeds					41		
42a	Specified custom hire (machine work) income from merchant card or third party payments (see page F-4)					42a		
b	Other custom hire income not reported on line 42a					42b		
43a	Specified other income (see page F-4)					43a		
b	Other income not reported on line 43a					43b		
44	Add amounts in the right column for lines 37a through 43b (lines 37a, 37b, 38b, 39b, 40a, 40c, 41, 42a, 42b, 43a, and 43b)					44		
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797		45					
46	Cost of livestock, produce, grains, and other products purchased during the year		46					
47	Add lines 45 and 46		47					
48	Inventory of livestock, produce, grains, and other products at end of year		48					
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*					49		
50	**Gross income.** Subtract line 49 from line 44. Enter the result here and on Part I, line 9 ▶					50		

*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

CAUTION

Do not file Schedule F 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).*
- *Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead file Schedule C (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 page 1, line B.

Crop Production

111100 Oilseed and grain farming
111210 Vegetable and melon farming
111300 Fruit and tree nut farming
111400 Greenhouse, nursery, and floriculture production
111900 Other crop farming

Animal Production

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)

Shoebill Unlimited

69-0000005

SCHEDULE M-3 (Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

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

OMB No. 1545-0099

2011

Name of partnership	Employer identification number
Shoebill Unlimited	69-000005

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

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

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
a	Included on Part I, line 4	71,419,054	36,504,982
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

For Paperwork Reduction Act Notice, see the Instructions for your return. Cat. No. 39669D **Schedule M-3 (Form 1065) 2011**

Name of partnership: Shoebill Unlimited

Employer identification number: 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 schedules for lines 1 through 9)				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships	23,712			23,712
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach details)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
15	Cost of goods sold (attach Form 8916-A)	( )			( )
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	150,000			
b	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				150,000
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22	173,712			173,712
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(1,846,744)		923,372	(923,372)
25	Other items with no differences	18,512,123			18,512,123
26	**Reconciliation totals.** 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: Shoebill Unlimited

Employer identification number: 69-0000005

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	1,846,744		(923,372)	923,372
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				
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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	1,846,744		(923,372)	923,972)

Shoebill Unlimited

69-0000005 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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 ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Individual

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	$ 20,317,292

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

1	Ordinary business income (loss) 3,043,345	15	Credits
2	Net rental real estate income (loss) 257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties 637,500		
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 200,000
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss) 59,495	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 442,901
14	Self-employment earnings (loss) A 3,300,721		
	B 700,205 C 3,300,721		

*See attached statement for additional information.

For IRS Use Only

Shoebill Unlimited

69-0000005 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) 3,043,345	15	Credits
2	Net rental real estate income (loss) 257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties 637,500		
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 200,000
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss) 59,495	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 442,901
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Shoebill Unlimited

69-0000005 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Partnership

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

1	Ordinary business income (loss) 3,043,345	15	Credits
2	Net rental real estate income (loss) 257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties 637,500		
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) 59,495	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		A 200,000
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 442,901
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Shoebill Unlimited

69-0000005 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning 01/01, 2011 ending 12/31, 20 11

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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) 3,043,345	15	Credits
2	Net rental real estate income (loss) 257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties 637,500		
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 200,000
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss) 59,495	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 442,901
14	Self-employment earnings (loss)		

*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 2011

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: 04/01/2012

Preparer: **Name: Jane Doe**
PTIN: P00000006
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/10/2012
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)

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

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

Type	Amount
Other Costs	$576,000

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

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

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

Professional Fee	S57,140

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

Survey Cost	$74,212

ABC Oil And Gas LP

69-0000006

Form **1065-B**

Department of the Treasury
Internal Revenue Service

U.S. Return of Income for Electing Large Partnerships

For calendar year 2011, or tax year beginning _____, 2011, and ending _____, 20____.
▶ See separate instructions.

OMB No. 1545-1626

2011

A Principal business activity: Mining	TYPE or PRINT	Name of partnership: ABC Oil and Gas LP	**D Employer identification number:** 69-0000006
B Principal product or service: Oil & Gas		Number, street, and room or suite no. If a P.O. box, see instructions.: 28 Oil Rig Rd	**E** Date business started: 11/08/1999
C Business code no. (see instructions): 211110		City or town, state, and ZIP code: Anytown, TX 79001	**F** Total assets (see instructions): $ 5,617,088

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

Income	1a	Gross receipts or sales 2,512,000 **b** Less returns and allowances **c** Bal ▶	1c	2,512,000
	2	Cost of goods sold (attach Form 1125-A)	2	576,000
	3	Gross profit. Subtract line 2 from line 1c	3	1,936,000
	4	Net rental real estate income (loss) (attach Form 8825)	4	
	5	Net income (loss) from other rental activities (attach schedule)	5	
	6	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	6	
	7	Net farm profit (loss) (attach Schedule F (Form 1040))	7	
	8	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 16)	8	
	9	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
	10	Other income (loss) (see instructions) (attach schedule)	10	
	11	**Total income (loss).** Combine lines 3 through 10	11	1,936,000
Deductions	12	Salaries and wages (other than to partners) (less employment credits)	12	
	13	Guaranteed payments to partners	13	
	14	Repairs and maintenance	14	
	15	Bad debts	15	
	16	Rent	16	
	17	Taxes and licenses	17	
	18	Interest	18	
	19a	Depreciation and section 179 expense deduction (see instructions) 19a		
	b	Less: depreciation reported on Form 1125-A and elsewhere on return 19b	19c	
	20	Depletion	20	148,180
	21	Retirement plans, etc.	21	
	22	Employee benefit programs	22	
	23	Other deductions (attach schedule)	23	226,740
	24	**Total deductions.** Add the amounts shown in the far right column for lines 12 through 23	24	599,085
	25	**Taxable income (loss) from passive loss limitation activities.** Subtract line 24 from line 11	25	1,336,915
Tax and Payments	26	Tax (see instructions). Check if from: **a** ☐ Form 4255 **b** ☐ Form 8611	26	
	27	Other payments. Check if from: **a** ☐ Form 2439 **b** ☐ Form 4136	27	
	28	Amount owed. Enter the excess of line 26 over line 27	28	
	29	Overpayment. Enter the excess of line 27 over line 26	29	

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 ☐ if self-employed	PTIN
				P000000006
Firm's name ▶ Electronic Tax Filers INC			Firm's EIN ▶	69-0000098
Firm's address ▶ 1065 e-file Dr. Anytown, TX 79001			Phone no.	(555) 631-5555

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 26265H Form **1065-B** (2011)

Part II Taxable Income or Loss From Other Activities

1	Interest			1	550
2a	Total ordinary dividends	2a			
b	Qualified dividends	2b			
c	Nonqualified dividends (subtract line 2b from 2a)			2c	
3	Gross royalties			3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 19)			4	
5	Other income (loss) (see instructions) (attach schedule)			5	
6	**Total income (loss).** Add lines 1, 2c, 3, 4, and 5			6	550
7	Interest expense on investment debts (attach Form 4952)			7	
8	State and local income taxes (see instructions)			8	
9	Charitable contributions (see instructions for limitations and required attachment)			9	
10a	Total miscellaneous itemized deductions	10a			
b	Deductible amount. Multiply line 10a by 30%			10b	
11	Other deductions (attach schedule)			11	
12	**Total deductions.** Add lines 7, 8, 9, 10b, and 11			12	
13	**Taxable income (loss) from other activities.** Subtract line 12 from line 6			13	550

Schedule B Other Information (see instructions)

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☑ Domestic limited partnership		
c	☐ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		✔
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		✔
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		✔
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
7	At any time during calendar year 2011, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		✔
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		✔
9	Enter the number of **Forms 8865,** Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ 0		

Schedule D **Capital Gains and Losses** (Use Schedule D-1 (Form 1065) to list additional transactions for lines 1 and 6)

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1						

2	Enter short-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 2	2	
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37	3	
4	Short-term capital gain (loss) from like-kind exchanges from Form 8824	4	
5	**Net short-term capital gain or (loss).** Combine lines 1 through 4 in column (f)	5	

Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6						

7	Enter long-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 8	7	
8	Enter gain from Form 4797, Part I	8	2,500
9	Long-term capital gain from installment sales from Form 6252, line 26 or 37	9	
10	Long-term capital gain (loss) from like-kind exchanges from Form 8824	10	
11	**Net long-term capital gain or (loss).** Combine lines 6 through 10 in column (f)	11	2,500

Part III—Summary of Parts I and II

12	Combine lines 5 and 11 and enter the net gain (loss)	12	2,500	
13	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	13		
14	**Net capital gain or (loss).** Subtract line 13 from line 12	14	2,500	

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

15	Redetermine the amount on line 13 by taking into account only gains and losses from passive loss limitation activities	15		
16	**Excess of net short-term capital gain over net long-term capital loss.** Enter the **smaller** of the amount on line 13 or line 15. Enter here and on page 1, Part I, line 8	16		
17	Redetermine the amount on line 14 by taking into account only gains and losses from passive loss limitation activities	17		
18	**Net capital gain or (loss) from passive loss limitation activities.** If lines 14 and 17 are both positive or both negative, enter the **smaller** of line 14 or line 17. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	18		

Note. *When figuring whether line 14 or line 17 is **smaller,** treat both numbers as positive.*

Part V—Net Capital Gain (Loss) From Other Activities

19	**Excess of net short-term capital gain over net long-term capital loss.** Subtract line 16 from line 13. Enter here and on page 2, Part II, line 4	19		
20	**Net capital gain or (loss) from other activities.** Subtract line 18 from line 14. Enter here and on Schedule K, line 4b	20	2,500	

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

	(a) Distributive share items			(b) Total amount
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)		1a	1,336,915
b	Amount on line 1a allocated to general partners as:			
	(1) Taxable income (loss) from trade or business activities	1b(1) 668,458		
	(2) Taxable income (loss) from rental real estate activities	1b(2)		
	(3) Taxable income (loss) from other rental activities	1b(3)		
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)		1c	
d	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)		1d	668,457
2	Taxable income (loss) from other activities (Part II, line 13)		2	550
3	Qualified dividends from other activities (Part II, line 2b)		3	
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 18)		4a	
b	Net capital gain (loss) from other activities (Schedule D, line 20)		4b	2,500
5	Net passive alternative minimum tax adjustment		5	
6	Net other alternative minimum tax adjustment		6	
7	Guaranteed payments		7	
8	Income from discharge of indebtedness		8	
9	Tax-exempt interest income		9	
10	General credits (see instructions)		10	
11	Low-income housing credit (see instructions)		11	
12	Rehabilitation credit from rental real estate activities (attach Form 3468)		12	
13a	Net earnings (loss) from self-employment		13a	668,458
b	Gross nonfarm income		13b	668,458
14a	Name of foreign country or U.S. possession ▶			
b	Gross income from all sources		14b	
c	Gross income sourced at partner level (attach schedule)		14c	
d	Foreign gross income sourced at partnership level:			
	(1) Passive category		14d(1)	
	(2) General category		14d(2)	
	(3) Other (attach schedule)		14d(3)	
e	Deductions allocated and apportioned at partner level:			
	(1) Interest expense		14e(1)	
	(2) Other		14e(2)	
f	Deductions allocated and apportioned at partnership level to foreign source income:			
	(1) Passive category		14f(1)	
	(2) General category		14f(2)	
	(3) Other (attach schedule)		14f(3)	
g	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐		14g	
h	Reduction in taxes available for credit (attach schedule)		14h	
15	Other items and amounts required to be reported separately to partners (attach schedule)			

Analysis of Net Income (Loss)

1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	1	1,339,965

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners		669,982				
b	Limited partners			669,983			

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		565,010		
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 schedule)		1,860,720		
7a	Loans to partners				
7b	Mortgage and real estate loans				
8	Other investments (attach schedule)				
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 schedule)				
14	**Total** assets		5,200,850		5,617,088
	Liabilities and Capital				
15	Accounts payable		470,588		205,366
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach schedule)				
18	Loans from shareholders				
19	All nonrecourse loans		2,254,137		1,205,380
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Partners' capital accounts		2,476,125		4,206,342
23	**Total** liabilities and capital		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 $			Survey	
	Professional fees				74,212
			8	Add lines 6 and 7	74,212
		57,140	9	Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	1,339,965
5	Add lines 1 through 4	1,414,177			

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				
3	Net income (loss) per books	1,357,037	7	Other decreases (itemize):	
4	Other increases (itemize):		8	Add lines 6 and 7	0
5	Add lines 1 through 4	4,206,342	9	Balance at end of year. Subtract line 8 from line 5	4,206,342

Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

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

OMB No. 1545-XXXX

Name: ABC Oil and GAS LP

Employer identification number: 69-0000006

1	Inventory at beginning of year	1		
2	Purchases	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach schedule)	4		
5	Other costs (attach schedule)	5	576,00	
6	**Total.** Add lines 1 through 5	6	576,00	
7	Inventory at end of year	7		
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	576,00	

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R Form **1125-A** (12-2011)

ABC Oil And Gas LP

69-0000006

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

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

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

OMB No. 1545-0184

2011

Attachment Sequence No. **27**

Name(s) shown on return: ABC Oil And GAS LP

Identifying number: 69-0000006

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 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)
Land	07/01/2000	06/30/2009	12,500		10,000	2,500

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	
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	2,500
	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	
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	
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	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 13086I Form **4797** (2011)

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				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
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				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
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				
29 **If section 1255 property:**					
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	
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		

ABC Oil And Gas LP

69-0000006

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.	1 Taxable income (loss) from passive activities	OMB No. 1545-1626
ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001	13,370	2011
	2 Taxable income (loss) from other activities 6	Schedule K-1 (Form 1065-B)

Partner's Share of Income (Loss) From an Electing Large Partnership

PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends	
69-0000006	000-50-0001		
PARTNER'S name JONATHAN WALKER		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities 25
Street address (including apt. no.) 1657 E FORKS RD		5 Net passive AMT adjustment	6 Net other AMT adjustment
		7 General credits	8 Low-income housing credit
City, state, and ZIP code BAY SHORE, NY 11706		9 Other J1 13,370 J2 13,370	

Partner's share of liabilities:

a Nonrecourse . . . . . $ 12,554

b Qualified nonrecourse financing . . . . $

c Other . . . . . $

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 **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B) Cat. No. 25437H Department of the Treasury - Internal Revenue Service

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ABC Oil And Gas LP 69-0000006

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.	1 Taxable income (loss) from passive activities	OMB No. 1545-1626
ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001	13,370	2011
	2 Taxable income (loss) from other activities: 6	Schedule K-1 (Form 1065-B)

Partner's Share of Income (Loss) From an Electing Large Partnership

PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends	
69-0000006	000-50-0002		
PARTNER'S name: JULIUS CAESAR WALKER		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities: 25
Street address (including apt. no.): 1657 E FORKS RD		5 Net passive AMT adjustment	6 Net other AMT adjustment
		7 General credits	8 Low-income housing credit
City, state, and ZIP code: BAY SHORE, NY 11706		9 Other	

Partner's share of liabilities:

a Nonrecourse . . . . . $ 12,054

b Qualified nonrecourse financing . . . . $

c Other . . . . . $

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 **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B) Cat. No. 25437H 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 2011

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: 04/06/2012

Preparer: **Name: Jane Jones**
PTIN: P00000007
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/12/2012
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)

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

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

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

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

Explanation of Qualified Nonrecourse Financing

ABC Cement Manufacturing

69-0000007

Form **1065-B**

Department of the Treasury
Internal Revenue Service

U.S. Return of Income for Electing Large Partnerships

For calendar year 2011, or tax year beginning _____, 2011, and ending _____, 20____.
▶ See separate instructions.

OMB No. 1545-1626

2011

A Principal business activity Cement Manufacturing	**TYPE or PRINT**	Name of partnership ABC Cement Manufacturing	**D Employer identification number** 69-0000007
B Principal product or service Cement		Number, street, and room or suite no. If a P.O. box, see instructions. 100 Concrete Ln	**E** Date business started 01/19/1998
C Business code no. (see instructions) 327300		City or town, state, and ZIP code Anytown, TX 55001	**F** Total assets (see instructions) $ 17,565,232

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

Income	1a	Gross receipts or sales 41,175,200	b Less returns and allowances	c Bal ▶	1c	41,175,200
	2	Cost of goods sold (attach Form 1125-A)			2	26,654,578
	3	Gross profit. Subtract line 2 from line 1c			3	14,220,622
	4	Net rental real estate income (loss) (attach Form 8825)			4	485,000
	5	Net income (loss) from other rental activities (attach schedule)			5	
	6	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)			6	
	7	Net farm profit (loss) (attach Schedule F (Form 1040))			7	
	8	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 16)			8	
	9	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	
	10	Other income (loss) (see instructions) (attach schedule)			10	
	11	**Total income (loss).** Combine lines 3 through 10			11	14,705,622
Deductions	12	Salaries and wages (other than to partners) (less employment credits)			12	1,937,201
	13	Guaranteed payments to partners			13	
	14	Repairs and maintenance			14	1,036,752
	15	Bad debts			15	
	16	Rent			16	
	17	Taxes and licenses			17	1,414,186
	18	Interest			18	
	19a	Depreciation and section 179 expense deduction (see instructions)	19a 447,655			
	b	Less: depreciation reported on Form 1125-A and elsewhere on return	19b 26,438		19c	421,217
	20	Depletion			20	
	21	Retirement plans, etc.			21	148,180
	22	Employee benefit programs			22	786,000
	23	Other deductions (attach schedule)			23	1,522,700
	24	**Total deductions.** Add the amounts shown in the far right column for lines 12 through 23			24	7,266,236
	25	**Taxable income (loss) from passive loss limitation activities.** Subtract line 24 from line 11			25	7,439,386
Tax and Payments	26	Tax (see instructions). Check if from: **a** ☐ Form 4255 **b** ☐ Form 8611			26	
	27	Other payments. Check if from: **a** ☐ Form 2439 **b** ☐ Form 4136			27	
	28	Amount owed. Enter the excess of line 26 over line 27			28	
	29	Overpayment. Enter the excess of line 27 over line 26			29	

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 ☐ if self-employed	PTIN P000000007
Firm's name ▶ Electronic Tax Filers INC			Firm's EIN ▶ 69-0000098	
Firm's address ▶ 1065 e-file Dr. Anytown, TX 79001			Phone no. (555-) 631-5555	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 26265H Form **1065-B** (2011)

Part II Taxable Income or Loss From Other Activities

1	Interest			1	37,412
2a	Total ordinary dividends	2a			
b	Qualified dividends	2b			
c	Nonqualified dividends (subtract line 2b from 2a)			2c	
3	Gross royalties			3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 19)			4	
5	Other income (loss) (see instructions) (attach schedule)			5	
6	**Total income (loss).** Add lines 1, 2c, 3, 4, and 5			6	37,412
7	Interest expense on investment debts (attach Form 4952)			7	
8	State and local income taxes (see instructions)			8	
9	Charitable contributions (see instructions for limitations and required attachment)			9	
10a	Total miscellaneous itemized deductions	10a			
b	Deductible amount. Multiply line 10a by 30%			10b	
11	Other deductions (attach schedule)			11	
12	**Total deductions.** Add lines 7, 8, 9, 10b, and 11			12	
13	**Taxable income (loss) from other activities.** Subtract line 12 from line 6			13	37,412

Schedule B Other Information (see instructions)

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☐ Domestic limited partnership		
c	☑ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		✔
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		✔
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		✔
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
7	At any time during calendar year 2011, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		✔
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		✔
9	Enter the number of **Forms 8865,** Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ 0		

Schedule D **Capital Gains and Losses** (Use Schedule D-1 (Form 1065) to list additional transactions for lines 1 and 6)

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1						

2	Enter short-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 2	2	
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37	3	
4	Short-term capital gain (loss) from like-kind exchanges from Form 8824	4	
5	**Net short-term capital gain or (loss).** Combine lines 1 through 4 in column (f)	5	

Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6						

7	Enter long-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 8	7	
8	Enter gain from Form 4797, Part I	8	
9	Long-term capital gain from installment sales from Form 6252, line 26 or 37	9	
10	Long-term capital gain (loss) from like-kind exchanges from Form 8824	10	
11	**Net long-term capital gain or (loss).** Combine lines 6 through 10 in column (f)	11	

Part III—Summary of Parts I and II

12	Combine lines 5 and 11 and enter the net gain (loss)	12		
13	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	13		
14	**Net capital gain or (loss).** Subtract line 13 from line 12	14		

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

15	Redetermine the amount on line 13 by taking into account only gains and losses from passive loss limitation activities	15		
16	**Excess of net short-term capital gain over net long-term capital loss.** Enter the **smaller** of the amount on line 13 or line 15. Enter here and on page 1, Part I, line 8	16		
17	Redetermine the amount on line 14 by taking into account only gains and losses from passive loss limitation activities	17		
18	**Net capital gain or (loss) from passive loss limitation activities.** If lines 14 and 17 are both positive or both negative, enter the **smaller** of line 14 or line 17. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	18		

Note. *When figuring whether line 14 or line 17 is **smaller,** treat both numbers as positive.*

Part V—Net Capital Gain (Loss) From Other Activities

19	**Excess of net short-term capital gain over net long-term capital loss.** Subtract line 16 from line 13. Enter here and on page 2, Part II, line 4	19		
20	**Net capital gain or (loss) from other activities.** Subtract line 18 from line 14. Enter here and on Schedule K, line 4b	20		

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

	(a) Distributive share items			(b) Total amount
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)		1a	7,439,386
b	Amount on line 1a allocated to general partners as:			
	(1) Taxable income (loss) from trade or business activities	1b(1) 3,477,193		
	(2) Taxable income (loss) from rental real estate activities	1b(2) 242,500		
	(3) Taxable income (loss) from other rental activities	1b(3)		
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)		1c	3,719,693
d	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)		1d	3,719,693
2	Taxable income (loss) from other activities (Part II, line 13)		2	37,412
3	Qualified dividends from other activities (Part II, line 2b)		3	
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 18)		4a	
b	Net capital gain (loss) from other activities (Schedule D, line 20)		4b	
5	Net passive alternative minimum tax adjustment		5	
6	Net other alternative minimum tax adjustment		6	
7	Guaranteed payments		7	
8	Income from discharge of indebtedness		8	
9	Tax-exempt interest income		9	
10	General credits (see instructions)		10	
11	Low-income housing credit (see instructions)		11	
12	Rehabilitation credit from rental real estate activities (attach Form 3468)		12	
13a	Net earnings (loss) from self-employment		13a	3,719,693
b	Gross nonfarm income		13b	3,719,693
14a	Name of foreign country or U.S. possession ▶			
b	Gross income from all sources		14b	
c	Gross income sourced at partner level (attach schedule)		14c	
d	Foreign gross income sourced at partnership level:			
	(1) Passive category		14d(1)	
	(2) General category		14d(2)	
	(3) Other (attach schedule)		14d(3)	
e	Deductions allocated and apportioned at partner level:			
	(1) Interest expense		14e(1)	
	(2) Other		14e(2)	
f	Deductions allocated and apportioned at partnership level to foreign source income:			
	(1) Passive category		14f(1)	
	(2) General category		14f(2)	
	(3) Other (attach schedule)		14f(3)	
g	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐		14g	
h	Reduction in taxes available for credit (attach schedule)		14h	
15	Other items and amounts required to be reported separately to partners (attach schedule)			

Analysis of Net Income (Loss)

1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	1	7,476,798

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners		3,738,399				
b	Limited partners			3,738,399			

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
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 schedule)				
7a	Loans to partners				
7b	Mortgage and real estate loans				
8	Other investments (attach schedule)				
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 schedule)				
14	**Total** assets		15,101,843		17,565,232
	Liabilities and Capital				
15	Accounts payable		944,231		157,620
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach schedule)				
18	Loans from shareholders				
19	All nonrecourse loans		12,000,000		6,000,000
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Partners' capital accounts		2,157,612		11,407,612
23	**Total** liabilities and capital		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				
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	2,157,612	6	Distributions: a Cash	
2	Capital contributed: a Cash	2,000,000		b Property	
	b Property				
3	Net income (loss) per books	7,250,000	7	Other decreases (itemize):	
4	Other increases (itemize):		8	Add lines 6 and 7	0
5	Add lines 1 through 4	11,407,612	9	Balance at end of year. Subtract line 8 from line 5	11,407,612

ABC Cement Manufacturing

69-0000007

Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

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

OMB No. 1545-XXXX

Name: ABC Cement Manufacturing

Employer identification number: 69-0000007

1	Inventory at beginning of year	1	3,211,146
2	Purchases	2	22,247,630
3	Cost of labor	3	4,312,216
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	29,770,992
7	Inventory at end of year	7	2,816,414
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	26,954,578

9a Check all methods used for valuing closing inventory:

(i) ☑ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R Form **1125-A** (12-2011)

ABC Cement Manufacturing

69-0000007

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
ABC CEMENT MANUFACTURING	CEMENT MANUFACTURING	69-0000007

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	26,438
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	26,438
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

ABC Cement Manufacturing

69-0000007

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
ABC CEMENT MANUFACTURING	CEMENT MANUFACTURING	69-0000007

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	80,500
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	125,000

6 (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	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	80,500
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	80,500
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	125,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	80,500
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	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 ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		120,000	5	HY	200 DB	24,000
c 7-year property		256,500	7	HY	200 DB	36,654
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	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	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

ABC Cement Manufacturing 69-0000007

Form **8825**
(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

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

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name: 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
A	WAREHOUSE 200 METAMORPHIC RD, ANYTOWN, MN 55001			
B				
C				
D				

			Properties A	Properties B	Properties C	Properties D
	Rental Real Estate Income					
2	Gross rents	2	615,000			
	Rental Real Estate Expenses					
3	Advertising	3	24,000			
4	Auto and travel	4				
5	Cleaning and maintenance	5				
6	Commissions	6				
7	Insurance	7	26,500			
8	Legal and other professional fees	8				
9	Interest	9	42,312			
10	Repairs	10				
11	Taxes	11	10,750			
12	Utilities	12				
13	Wages and salaries	13				
14	Depreciation (see instructions)	14	26,438			
15	Other (list) ▶	15				
16	Total expenses for each property. Add lines 3 through 15	16	130,000			
17	Income or (Loss) from each property. Subtract line 16 from line 2	17				

18a	Total gross rents. Add gross rents from line 2, columns A through H	18a	615,000
b	Total expenses. Add total expenses from line 16, columns A through H	18b	(130,000)
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:		

(1) Name **(2)** Employer identification number

21	Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • **Form 1065 or 1120S:** Schedule K, line 2, or • **Form 1065-B:** Part I, line 4	21	485,000

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z Form **8825** (12-2010)

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.			
	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
E				
F				
G				
H				

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

Allowable Codes for Type of Property

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

SCHEDULE C (Form 1065)
(Rev. December 2011)
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: **69-0000007**

		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)**

ABC Cement Manufacturing

69-0000007

SCHEDULE M-3 (Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

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

OMB No. 1545-0099

2011

Name of partnership: ABC Cement Manufacturing

Employer identification number: 69-0000007

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

4a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	7,250,000
b	Indicate accounting standard used for line 4a (see instructions): **1** ☑ GAAP **2** ☐ IFRS **3** ☐ 704(b) **4** ☐ Tax-basis **5** ☐ Other: (Specify) ▶		
5a	Net income from nonincludible foreign entities (attach schedule)	5a	( )
b	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
6a	Net income from nonincludible U.S. entities (attach schedule)	6a	( )
b	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
7a	Net income (loss) of other foreign disregarded entities (attach schedule)	7a	
b	Net income (loss) of other U.S. disregarded entities (attach schedule)	7b	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9	Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10	Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11	**Net income (loss) per income statement of the partnership.** Combine lines 4a through 10	11	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
a	Included on Part I, line 4	17,565,232	6,157,620
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

For Paperwork Reduction Act Notice, see the Instructions for your return. Cat. No. 39669D **Schedule M-3 (Form 1065) 2011**

Name of partnership: ABC Cement Manufacturing

Employer identification number: 69-0000007

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 schedules 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 details)				
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22				
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(737,801)	163,450	63,438	(511,003)
25	Other items with no differences	7,987,801			7,987,801
26	**Reconciliation totals.** Combine lines 23 through 25	7,250,000	163,450	63,348	7,476,798

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: ABC Cement Manufacturing

Employer identification number: 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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	737,801	(163,450)	(63,348)	511,003

ABC Cement Manufacturing 69-0000007

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.	1 Taxable income (loss) from passive activities	OMB No. 1545-1626
ABC CEMENT MANUFACTURING 100 CONCRETE LN ANYTOWN, MN 55001	74,394	2011
	2 Taxable income (loss) from other activities: 374	Schedule K-1 (Form 1065-B)

Partner's Share of Income (Loss) From an Electing Large Partnership

PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends	
69-0000007	000-60-0001		
PARTNER'S name: JOHN MACBETH		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities
Street address (including apt. no.): 1168 BEECH ST		5 Net passive AMT adjustment	6 Net other AMT adjustment
		7 General credits	8 Low-income housing credit
City, state, and ZIP code: CENTRAL ISLIP, NY 11722		9 Other: A1 74,394 B2 74,394	

Partner's share of liabilities:

a Nonrecourse . . . . . $

b Qualified nonrecourse financing . . . . $ 60,000

c Other . . . . . $

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 **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B) Cat. No. 25437H Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

ABC Cement Manufacturing 69-0000007

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.	1 Taxable income (loss) from passive activities	OMB No. 1545-1626
ABC CEMENT MANUFACTURING 100 CONCRETE LN ANYTOWN, MN 55001	74,394	2011
	2 Taxable income (loss) from other activities: 374	Schedule K-1 (Form 1065-B)

Partner's Share of Income (Loss) From an Electing Large Partnership

PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends	
69-0000007	000-60-0002		
PARTNER'S name: JOHN CAPULET		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities
Street address (including apt. no.): 1175 BEECH ST		5 Net passive AMT adjustment	6 Net other AMT adjustment
		7 General credits	8 Low-income housing credit
City, state, and ZIP code: CENTRAL ISLIP, NY 11722		9 Other	

Partner's share of liabilities:

a Nonrecourse . . . . . $

b Qualified nonrecourse financing . . . . $ 60,000

c Other . . . . . $

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 **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B) Cat. No. 25437H Department of the Treasury - Internal Revenue Service

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TEST SCENARIO 8

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

ATTACHMENTS:
Itemized Other Deductions Schedule

BINARY ATTACHMENTS: None

HEADER INFO:

Tax Period: Calendar Year 2011

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: 03/15/2012

Preparer: **Name: John Dark**
PTIN: P00000008
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2012
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)

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

Black Coal Industries LLC

69-0000008

Form **1065-B**

Department of the Treasury
Internal Revenue Service

U.S. Return of Income for Electing Large Partnerships

For calendar year 2011, or tax year beginning _____, 2011, and ending _____, 20____.
▶ See separate instructions.

OMB No. 1545-1626

2011

A Principal business activity: Mining	TYPE or PRINT	Name of partnership: Black Coal Industries LLC	**D Employer identification number:** 69-0000008
B Principal product or service: Coal		Number, street, and room or suite no. If a P.O. box, see instructions.: 100 Main St	**E** Date business started: 08/03/1998
C Business code no. (see instructions): 212110		City or town, state, and ZIP code: Anytown, TX 25001	**F** Total assets (see instructions): $ 20,440,320

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

Income	1a	Gross receipts or sales 101,256,342 **b** Less returns and allowances **c** Bal ▶	1c	101,256,342
	2	Cost of goods sold (attach Form 1125-A)	2	58,332,511
	3	Gross profit. Subtract line 2 from line 1c	3	42,923,831
	4	Net rental real estate income (loss) (attach Form 8825)	4	
	5	Net income (loss) from other rental activities (attach schedule)	5	
	6	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	6	
	7	Net farm profit (loss) (attach Schedule F (Form 1040))	7	
	8	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 16)	8	
	9	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
	10	Other income (loss) (see instructions) (attach schedule)	10	
	11	**Total income (loss).** Combine lines 3 through 10	11	42,923,831
Deductions	12	Salaries and wages (other than to partners) (less employment credits)	12	12,487,136
	13	Guaranteed payments to partners	13	
	14	Repairs and maintenance	14	4,842,657
	15	Bad debts	15	
	16	Rent	16	1,720,000
	17	Taxes and licenses	17	4,106,315
	18	Interest	18	
	19a	Depreciation and section 179 expense deduction (see instructions) 19a		
	b	Less: depreciation reported on Form 1125-A and elsewhere on return 19b	19c	
	20	Depletion	20	1,520,108
	21	Retirement plans, etc.	21	
	22	Employee benefit programs	22	1,218,412
	23	Other deductions (attach schedule)	23	5,554,374
	24	**Total deductions.** Add the amounts shown in the far right column for lines 12 through 23	24	31,449,002
	25	**Taxable income (loss) from passive loss limitation activities.** Subtract line 24 from line 11	25	11,474,829
Tax and Payments	26	Tax (see instructions). Check if from: **a** ☐ Form 4255 **b** ☐ Form 8611	26	
	27	Other payments. Check if from: **a** ☐ Form 2439 **b** ☐ Form 4136	27	
	28	Amount owed. Enter the excess of line 26 over line 27	28	
	29	Overpayment. Enter the excess of line 27 over line 26	29	

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 ☐ if self-employed	PTIN
				P000000008
Firm's name ▶ Electronic Tax Filers INC			Firm's EIN ▶	69-0000098
Firm's address ▶ 1065 e-file Dr. Anytown, TX 25001			Phone no.	(555-) 631-1212

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 26265H Form **1065-B** (2011)

Part II Taxable Income or Loss From Other Activities

1	Interest			1	357,610
2a	Total ordinary dividends	2a			
b	Qualified dividends	2b			
c	Nonqualified dividends (subtract line 2b from 2a)			2c	
3	Gross royalties			3	1,569,721
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 19)			4	
5	Other income (loss) (see instructions) (attach schedule)			5	
6	**Total income (loss).** Add lines 1, 2c, 3, 4, and 5			6	1,927,331
7	Interest expense on investment debts (attach Form 4952)			7	
8	State and local income taxes (see instructions)			8	
9	Charitable contributions (see instructions for limitations and required attachment)			9	
10a	Total miscellaneous itemized deductions	10a			
b	Deductible amount. Multiply line 10a by 30%			10b	
11	Other deductions (attach schedule)			11	
12	**Total deductions.** Add lines 7, 8, 9, 10b, and 11			12	
13	**Taxable income (loss) from other activities.** Subtract line 12 from line 6			13	1,927,331

Schedule B Other Information (see instructions)

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☑ Domestic limited partnership		
c	☑ Domestic limited liability company d ☐ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		✔
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		✔
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		✔
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
7	At any time during calendar year 2011, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		✔
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		✔
9	Enter the number of **Forms 8865,** Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		

Schedule D **Capital Gains and Losses** (Use Schedule D-1 (Form 1065) to list additional transactions for lines 1 and 6)

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1						

2	Enter short-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 2	2	
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37	3	
4	Short-term capital gain (loss) from like-kind exchanges from Form 8824	4	
5	**Net short-term capital gain or (loss).** Combine lines 1 through 4 in column (f)	5	

Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6						

7	Enter long-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 8	7	
8	Enter gain from Form 4797, Part I	8	
9	Long-term capital gain from installment sales from Form 6252, line 26 or 37	9	
10	Long-term capital gain (loss) from like-kind exchanges from Form 8824	10	
11	**Net long-term capital gain or (loss).** Combine lines 6 through 10 in column (f)	11	

Part III—Summary of Parts I and II

12	Combine lines 5 and 11 and enter the net gain (loss)	12		
13	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	13		
14	**Net capital gain or (loss).** Subtract line 13 from line 12	14		

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

15	Redetermine the amount on line 13 by taking into account only gains and losses from passive loss limitation activities	15		
16	**Excess of net short-term capital gain over net long-term capital loss.** Enter the **smaller** of the amount on line 13 or line 15. Enter here and on page 1, Part I, line 8	16		
17	Redetermine the amount on line 14 by taking into account only gains and losses from passive loss limitation activities	17		
18	**Net capital gain or (loss) from passive loss limitation activities.** If lines 14 and 17 are both positive or both negative, enter the **smaller** of line 14 or line 17. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	18		

Note. *When figuring whether line 14 or line 17 is **smaller,** treat both numbers as positive.*

Part V—Net Capital Gain (Loss) From Other Activities

19	**Excess of net short-term capital gain over net long-term capital loss.** Subtract line 16 from line 13. Enter here and on page 2, Part II, line 4	19		
20	**Net capital gain or (loss) from other activities.** Subtract line 18 from line 14. Enter here and on Schedule K, line 4b	20		

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

	(a) Distributive share items			(b) Total amount
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)		1a	11,474,829
b	Amount on line 1a allocated to general partners as:			
	(1) Taxable income (loss) from trade or business activities	1b(1)		
	(2) Taxable income (loss) from rental real estate activities	1b(2)		
	(3) Taxable income (loss) from other rental activities	1b(3)		
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)		1c	
d	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)		1d	11,474,829
2	Taxable income (loss) from other activities (Part II, line 13)		2	1,927,331
3	Qualified dividends from other activities (Part II, line 2b)		3	
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 18)		4a	
b	Net capital gain (loss) from other activities (Schedule D, line 20)		4b	
5	Net passive alternative minimum tax adjustment		5	
6	Net other alternative minimum tax adjustment		6	
7	Guaranteed payments		7	
8	Income from discharge of indebtedness		8	
9	Tax-exempt interest income		9	
10	General credits (see instructions)		10	
11	Low-income housing credit (see instructions)		11	
12	Rehabilitation credit from rental real estate activities (attach Form 3468)		12	
13a	Net earnings (loss) from self-employment		13a	
b	Gross nonfarm income		13b	
14a	Name of foreign country or U.S. possession ▶			
b	Gross income from all sources		14b	
c	Gross income sourced at partner level (attach schedule)		14c	
d	Foreign gross income sourced at partnership level:			
	(1) Passive category		14d(1)	
	(2) General category		14d(2)	
	(3) Other (attach schedule)		14d(3)	
e	Deductions allocated and apportioned at partner level:			
	(1) Interest expense		14e(1)	
	(2) Other		14e(2)	
f	Deductions allocated and apportioned at partnership level to foreign source income:			
	(1) Passive category		14f(1)	
	(2) General category		14f(2)	
	(3) Other (attach schedule)		14f(3)	
g	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐		14g	
h	Reduction in taxes available for credit (attach schedule)		14h	
15	Other items and amounts required to be reported separately to partners (attach schedule)			

Analysis of Net Income (Loss)

1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	1	13,402,160

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners						
b	Limited partners			13,402,160			

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
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 schedule)				
7a	Loans to partners				
7b	Mortgage and real estate loans				
8	Other investments (attach schedule)				
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 schedule)				
14	**Total** assets		18,174,540		20,440,320
	Liabilities and Capital				
15	Accounts payable		2,147,882		2,110,320
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach schedule)				
18	Loans from shareholders				
19	All nonrecourse loans		10,376,658		5,263,460
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Partners' capital accounts		5,650,000		13,066,540
23	**Total** liabilities and capital		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				
3	Net income (loss) per books	12,416,540	7	Other decreases (itemize):	
4	Other increases (itemize):		8	Add lines 6 and 7	5,000,000
5	Add lines 1 through 4	18,066,540	9	Balance at end of year. Subtract line 8 from line 5	13,066,540

Black Coal Industries LLC

69-0000008

Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

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

OMB No. 1545-XXXX

Name: Black Coal Industries LLC

Employer identification number: 69-0000008

1	Inventory at beginning of year	1	5,650,225	
2	Purchases	2	57,478,827	
3	Cost of labor	3	1,425,622	
4	Additional section 263A costs (attach schedule)	4		
5	Other costs (attach schedule)	5		
6	**Total.** Add lines 1 through 5	6	64,554,674	
7	Inventory at end of year	7	6,222,163	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	58,332,511	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☑ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R Form **1125-A** (12-2011)

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

Report of a Sale or Exchange of Certain Partnership Interests

▶ **Please print or type.**

OMB No. 1545-0941

Name of partnership	Telephone number	Employer identification number
Black Coal Industries	(555) 555-5555	69-0000008

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	Identifying number
Bronco Juno	000-70-0002

Number and street (including apt. no.)
300 Main St

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

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

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

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

Name	Identifying number
Bubba Christmas	000-70-0001

Number and street (including apt. no.)
200 Main St

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

Part III **Date of Sale or Exchange of Partnership Interest** ▶ 06 / 30 / 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.

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: **Black Coal Industries LLC**

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)**

Black Coal Industries LLC

69-0000008

SCHEDULE M-3 (Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

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

OMB No. 1545-0099

2011

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

4a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	12,416,540
b	Indicate accounting standard used for line 4a (see instructions): **1** ☑ GAAP **2** ☐ IFRS **3** ☐ 704(b) **4** ☐ Tax-basis **5** ☐ Other: (Specify) ▶		
5a	Net income from nonincludible foreign entities (attach schedule)	5a	( )
b	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
6a	Net income from nonincludible U.S. entities (attach schedule)	6a	( )
b	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
7a	Net income (loss) of other foreign disregarded entities (attach schedule)	7a	
b	Net income (loss) of other U.S. disregarded entities (attach schedule)	7b	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9	Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10	Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11	**Net income (loss) per income statement of the partnership.** Combine lines 4a through 10	11	12,416,540

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
a	Included on Part I, line 4	20,440,320	7,373,780
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

For Paperwork Reduction Act Notice, see the Instructions for your return. Cat. No. 39669D **Schedule M-3 (Form 1065) 2011**

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 schedules 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 details)				
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22				
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(3,491,348)		985,620	(2,505,728)
25	Other items with no differences	15,907,888			15,907,888
26	**Reconciliation totals.** Combine lines 23 through 25	12,416,540		985,620	13,402,160

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: Black Coal Industries LLC

Employer identification number: 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
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				
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				
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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive				

Black Coal Industries LLC 69-0000008

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.	1 Taxable income (loss) from passive activities	OMB No. 1545-1626
Black Coal Industries LLC 100 Main St ANYTOWN, WV 25001	114,749	2011
	2 Taxable income (loss) from other activities: 19,274	Schedule K-1 (Form 1065-B)

Partner's Share of Income (Loss) From an Electing Large Partnership

PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends	
69-0000008	000-70-0001		
PARTNER'S name: BUBBA CHRISTMAS		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities
Street address (including apt. no.): 200 MAIN ST		5 Net passive AMT adjustment	6 Net other AMT adjustment
		7 General credits	8 Low-income housing credit
City, state, and ZIP code: ANYTOWN, WV 25001		9 Other	

Partner's share of liabilities:

a Nonrecourse . . . . . $ 52,635

b Qualified nonrecourse financing . . . . $

c Other . . . . . $

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 **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B) Cat. No. 25437H Department of the Treasury - Internal Revenue Service

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Black Coal Industries LLC 69-0000008

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.		1 Taxable income (loss) from passive activities	OMB No. 1545-1626	**Partner's Share of Income (Loss) From an Electing Large Partnership**
Black Coal Industries LLC **100 Main St** **ANYTOWN, WV 25001**		**114,749**	**2011**	
		2 Taxable income (loss) from other activities **19,274**	**Schedule K-1 (Form 1065-B)**	
PARTNERSHIP'S Employer I.D. number **69-0000008**	PARTNER'S identifying number **000-70-0002**	3 Qualified dividends		**Copy A** **For Internal Revenue Service Center** **File with Form 1065-B.**
PARTNER'S name **BRONCO JUNO**		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) **300 MAIN ST**		5 Net passive AMT adjustment	6 Net other AMT adjustment	For Paperwork Reduction Act Notice and instructions for completing this form, see the **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.
		7 General credits	8 Low-income housing credit	
City, state, and ZIP code **ANYTOWN, WV 25001**		9 Other		
Partner's share of liabilities: a Nonrecourse . . . . . $ **52,635** b Qualified nonrecourse financing . . . . $ c Other . . . . . $				

Schedule K-1 (Form 1065-B) Cat. No. 25437H Department of the Treasury - Internal Revenue Service

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Black Coal Industries LLC 69-0000008

☐ CORRECTED ☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code.	1 Taxable income (loss) from passive activities	OMB No. 1545-1626
Black Coal Industries LLC 100 Main St ANYTOWN, WV 25001	114,748	2011
	2 Taxable income (loss) from other activities: 19,273	Schedule K-1 (Form 1065-B)

Partner's Share of Income (Loss) From an Electing Large Partnership

PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends	
69-0000008	000-70-1001		
PARTNER'S name: TAXPAYER B1		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities
Street address (including apt. no.): 1001 MAIN ST		5 Net passive AMT adjustment	6 Net other AMT adjustment
		7 General credits	8 Low-income housing credit
City, state, and ZIP code: ANYTOWN, WV 25001		9 Other	

Partner's share of liabilities:

a Nonrecourse . . . . . $ 52,635

b Qualified nonrecourse financing . . . . $

c Other . . . . . $

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 **2011 Instructions for Form 1065-B,** U.S. Return of Income for Electing Large Partnerships.

Schedule K-1 (Form 1065-B) Cat. No. 25437H 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, 8844, 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 2011

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: 04/01/2012

Preparer: **Name: Jesse James**
PTIN: P00000001
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2012
Self Employed: No

IRS PAYMENT: **N/A**

Details for attachments to Form

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

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

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

Childcare	35,600
Empowerment	40,000

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

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

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

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

Sam Starling LLP

69-0000001

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning _____, 2011, ending _____, 20 _____.

▶ See separate instructions.

OMB No. 1545-0099

2011

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

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.*

Income	1a	Merchant card and third-party payments (including amounts reported on Form(s) 1099-K) (see instructions)	1a				
	b	Gross receipts or sales not reported on line 1a (see instructions)	1b	323,455,613			
	c	Total. Add lines 1a and 1b	1c	323,455,613			
	d	Returns and allowances plus any other adjustments to line 1a (see instructions)	1d				
	e	Subtract line 1d from line 1c	1e	323,455,613			
	2	Cost of goods sold (attach Form 1125-A)	2				
	3	Gross profit. Subtract line 2 from line 1e			3	323,455,613	
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4		
	5	Net farm profit (loss) (attach Schedule F (Form 1040))			5		
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	10,000	
	7	Other income (loss) (attach statement)			7		
	8	**Total income (loss).** Combine lines 3 through 7			8	323,465,613	
Deductions (see the instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)			9	110,535,025	
	10	Guaranteed payments to partners			10	22,675,031	
	11	Repairs and maintenance			11	2,042,164	
	12	Bad debts			12		
	13	Rent			13	25,922,173	
	14	Taxes and licenses			14	12,226,452	
	15	Interest			15	14,622	
	16a	Depreciation (if required, attach Form 4562)	16a	7,292,891			
	b	Less depreciation reported on Form 1125-A and elsewhere on return	16b	18,275	16c	7,274,616	
	17	Depletion **(Do not deduct oil and gas depletion.)**			17		
	18	Retirement plans, etc.			18	4,255,918	
	19	Employee benefit programs			19	7,100,361	
	20	Other deductions (attach statement)			20	50,737,848	
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			21	242,784,210	
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			22	80,681,403	

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.

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

▶ Signature of general partner or limited liability company member manager ▶ 04/01/2011 Date

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
	Jesse James			P00000009

Firm's name ▶ ELECTRIC TAX FILERS INC — Firm's EIN ▶ 69-0000098

Firm's address ▶ 1065 EFILE DRIVE, ANYTOWN, NV 89501 — Phone no. 555-631-1212

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2011)

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership b ☐ Domestic limited partnership		
c	☐ Domestic limited liability company d ☑ Domestic limited liability partnership		
e	☐ Foreign partnership f ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	✔	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✔
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✔

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

		Yes	No
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

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✔
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✔
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✔
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✔
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✔
10	At any time during calendar year 2011, 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. ▶		✔
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✔
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		✔
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✔
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		✔
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✔
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶ 1	✔	
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions		✔
b	If "Yes," did you or will you file all required Form(s) 1099?		✔
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		

Designation of Tax Matters Partner (see instructions)
Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

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

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

Analysis of Net Income (Loss)

1	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	1	103,652,209

2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners				55,065,902		
b Limited partners			48,586,307			

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		15,374,582		41,036,739
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)				
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	64,937,028		79,134,516	
b	Less accumulated depreciation	32,123,456	32,813,572	26,947,318	52,187,198
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)		13,178,915		15,143,982
14	Total assets		61,367,069		108,367,919
	Liabilities and Capital				
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)		5,478,152		6,183,915
18	All nonrecourse loans		11,000,000		11,000,000
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		44,888,917		91,184,004
22	Total liabilities and capital		61,367,069		108,367,919

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 1 through 11 (itemize): a Tax-exempt interest $	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):				
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize): a Depreciation $	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize): 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	44,888,917	6	Distributions: a Cash	75,140,310
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	121,435,397			
4	Other increases (itemize):		8	Add lines 6 and 7	75,140,310
5	Add lines 1 through 4	166,324,314	9	Balance at end of year. Subtract line 8 from line 5	91,184,004

Sam Starling LLP

69-0000001

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Sam Startling, LLP	Legal Services	69-0000001

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	3,258,175
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	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 2011	17	2,745,142
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		1,428,700	5	HY	DB	285,740
c 7-year property		2,275,000	7	HY	DB	325,098
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	7,274,616
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Sam Starling LLP

69-0000001

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Sam Startling, LLP	Rental	69-0000001

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	18,275
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	18,275
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Sam Starling LLP 69-0000001

Form **8825**
(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

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

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name: Sam Starling, LLP

Employer identification number: 69-0000001

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
A	Rental			
B				
C				
D				

	Rental Real Estate Income		Properties A	B	C	D
2	Gross rents	2	1,234,900			
	Rental Real Estate Expenses					
3	Advertising	3				
4	Auto and travel	4				
5	Cleaning and maintenance	5				
6	Commissions	6				
7	Insurance	7				
8	Legal and other professional fees	8				
9	Interest	9				
10	Repairs	10				
11	Taxes	11				
12	Utilities	12				
13	Wages and salaries	13				
14	Depreciation (see instructions)	14	18,275			
15	Other (list) ▶	15	1,013,500			
16	Total expenses for each property. Add lines 3 through 15	16	1,031,775			
17	Income or (Loss) from each property. Subtract line 16 from line 2	17	203,125			

18a	Total gross rents. Add gross rents from line 2, columns A through H	18a	1,234,900
b	Total expenses. Add total expenses from line 16, columns A through H	18b	(1,031,775)
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:		

(1) Name **(2)** Employer identification number

21	Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • **Form 1065 or 1120S:** Schedule K, line 2, or • **Form 1065-B:** Part I, line 4	21	203,125

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z Form **8825** (12-2010)

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.			
	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
E				
F				
G				
H				

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

Allowable Codes for Type of Property

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

Sam Starling LLP

69-0000001

Form **8844**

Department of the Treasury
Internal Revenue Service

Empowerment Zone and Renewal Community Employment Credit

▶ **Attach to your tax return.**

OMB No. 1545-1444

2011

Attachment Sequence No. **99**

Name(s) shown on return: **Sam Starling, LLP**

Identifying number: **69-0000001**

1	Enter the total qualified wages paid or incurred during **calendar year** 2011 only (see instructions)			
a	Qualified empowerment zone wages . . . . . $ 200,000 × 20% (.20)	**1a**	40,000	
b	Skip line 1b (see instructions) . . . . . $ × 0% (.00)	**1b**		
2	Enter the amount from line 1a. See instructions for the adjustment you must make to salaries and wages	**2**	40,000	
3	Empowerment zone and renewal community employment credit from partnerships, S corporations, cooperatives, estates, and trusts	**3**		
4	Add lines 2 and 3. Cooperatives, estates, and trusts, go to line 5. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, Part III, line 3	**4**	40,000	
5	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	**5**		
6	Cooperatives, estates, and trusts, subtract line 5 from line 4. Report this amount on Form 3800, Part III, line 3	**6**		

For Paperwork Reduction Act Notice, see instructions. Cat. No. 16145S Form **8844** (2011)

Sam Starling LLP

69-0000001

Form **8882**

(Rev. December 2006)

Department of the Treasury
Internal Revenue Service

Credit for Employer-Provided Childcare Facilities and Services

▶ **Attach to your tax return.**

OMB No. 1545-1809

Attachment Sequence No. **131**

Name(s) shown on return: **Sam Starling, LLP**

Identifying number: **69-0000001**

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	35,000
6	Add lines 2, 4, and 5		6	35,000
7	Enter the **smaller** of line 6 or **$150,000.** Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800)		7	35,000
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)**

Sam Starling LLP

69-0000001

SCHEDULE M-3 (Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Certain Partnerships

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

OMB No. 1545-0099

2011

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

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

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
a	Included on Part I, line 4	108,367,919	17,183,000
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7		

For Paperwork Reduction Act Notice, see the Instructions for your return. Cat. No. 39669D **Schedule M-3 (Form 1065) 2011**

Name of partnership: Sam Starling, LLP

Employer identification number: 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 schedules 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 details)				
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22	10,000			
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(12,959,362)	4,116,715	(21,899,903)	(30,743,050)
25	Other items with no differences	134,835,397			134,385,259
26	**Reconciliation totals.** 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: Sam Starling, LLP

Employer identification number: 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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	12,959,862	(4,116,715)	(21,899,903)	30,743,050

Sam Starling LLP

69-0000001 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning _____, 2011 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
69-0000001

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 ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Partnership

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

☐ 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

1	Ordinary business income (loss) 32,272,562	15	Credits L 16,000
2	Net rental real estate income (loss) 81,250		P 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
		19	Distributions
12	Section 179 deduction		A 30,056,124
13	Other deductions	20	Other information
			A 37,060
14	Self-employment earnings (loss) A 55,024,842		
	C 55,024,842		

*See attached statement for additional information.

For IRS Use Only

Sam Starling LLP

69-0000001 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning _____, 2011 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
69-0000001

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
7 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

I What type of entity is this partner? Individual

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

	Beginning	Ending
Profit	.6 %	.6 %
Loss	.6 %	.6 %
Capital	.6 %	.6 %

K Partner's share of liabilities at year end:

Nonrecourse	$ 66,000
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$ 269,334
Capital contributed during the year	$
Current year increase (decrease)	$ 728,613
Withdrawals & distributions	$ (450,842)
Ending capital account	$ 547,104

☐ 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

1	Ordinary business income (loss) 484,089	15	Credits L 240
2	Net rental real estate income (loss) 1,219		P 214
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 556		
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 1,197
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 4,651
		19	Distributions
12	Section 179 deduction		A 450,842
13	Other deductions	20	Other information
			A 556
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Sam Starling LLP

69-0000001 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning _____, 2011 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
69-0000001

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

I What type of entity is this partner? Individual

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

	Beginning	Ending
Profit	.6 %	.6 %
Loss	.6 %	.6 %
Capital	.6 %	.6 %

K Partner's share of liabilities at year end:

Nonrecourse	$ 66,000
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$ 269,334
Capital contributed during the year	$
Current year increase (decrease)	$ 728,613
Withdrawals & distributions	$ (450,842)
Ending capital account	$ 547,104

☐ 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

1	Ordinary business income (loss) 484,089	15	Credits L 240
2	Net rental real estate income (loss) 1,219		P 214
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 556		
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 1,197
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 4,651
		19	Distributions
12	Section 179 deduction		A 450,842
13	Other deductions	20	Other information
			A 556
14	Self-employment earnings (loss)		

*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, Line1)

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 2011

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: 03/15/2012

Preparer:

Name: John Smith
PTIN: P00000010
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 03/14/2012
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)

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

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

Name	EIN	EOY Profit 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% tax of the Publicly Traded Partnership is $114,372,742. Please input this tax amount on Form 1065 Line 22. (Element name: "ThreeAndOneHalfPercent")

Carlton Asset Management LP

69-0000003

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2010, or tax year beginning _____, 2010, ending _____, 20 _____.

▶ See separate instructions.

OMB No. 1545-0099

2010

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

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.*

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

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

▶ Signature of general partner or limited liability company member manager ▶ Date

Paid Preparer's Use Only

Preparer's signature: John Smith	Date: 03/14/2011	Check if self-employed ▶ ☐	PTIN: P00000010
Firm's name (or yours if self-employed), address, and ZIP code ▶ ELECTRIC TAX FILERS INC, 1065 EFILE DRIVE, ANYTOWN, NV 89501			EIN ▶ 69-0000098
			Phone no. 555-631-1212

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form **1065** (2010)

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs (*attach statement*)	4		
5	Other costs (*attach statement*)	5		
6	**Total.** Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory:
- **(i)** ☐ Cost as described in Regulations section 1.471-3
- **(ii)** ☐ Lower of cost or market as described in Regulations section 1.471-4
- **(iii)** ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (*if checked, attach Form 970*) ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ **Yes** ☐ **No**

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ **Yes** ☐ **No**
If "Yes," attach explanation.

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	☐ Domestic general partnership **b** ■ Domestic limited partnership		
c	☐ Domestic limited liability company **d** ☐ Domestic limited liability partnership		
e	☐ Foreign partnership **f** ☐ Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	X	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization 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	X	
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		X
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X

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

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	X	

(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%

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
6	Does the partnership satisfy **all four** of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		X
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
10	At any time during calendar year 2010, 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. ▶		X
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election?	X	
	See instructions for details regarding a section 754 election.		
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		X
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than entities wholly-owned by the partnership throughout the tax year) ▶ ☐		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ 1		

Designation of Tax Matters Partner (see instructions)
Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	XYZ Management	Identifying number of TMP	69-30000001
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		

Schedule K	Partners' Distributive Share Items			Total amount
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	406,490,888
	2	Net rental real estate income (loss) (*attach Form 8825*)	2	
	3a	Other gross rental income (loss) — 3a		
	b	Expenses from other rental activities (*attach statement*) — 3b		
	c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	561,900
	5	Interest income	5	36,525
	6	Dividends: a Ordinary dividends	6a	
		b Qualified dividends — 6b		
	7	Royalties	7	
	8	Net short-term capital gain (loss) (*attach Schedule D (Form 1065)*)	8	
	9a	Net long-term capital gain (loss) (*attach Schedule D (Form 1065)*)	9a	
	b	Collectibles (28%) gain (loss) — 9b		
	c	Unrecaptured section 1250 gain (*attach statement*) — 9c		
	10	Net section 1231 gain (loss) (*attach Form 4797*)	10	
	11	Other income (loss) (*see instructions*) Type ▶	11	
Deductions	12	Section 179 deduction (*attach Form 4562*)	12	43,332
	13a	Contributions	13a	
	b	Investment interest expense	13b	
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
	d	Other deductions (*see instructions*) Type ▶	13d	
Self-Employment	14a	Net earnings (loss) from self-employment	14a	41,210,989
	b	Gross farming or fishing income	14b	
	c	Gross nonfarm income	14c	41,210,989
Credits	15a	Low-income housing credit (section 42(j)(5))	15a	
	b	Low-income housing credit (other)	15b	
	c	Qualified rehabilitation expenditures (rental real estate) (*attach Form 3468*)	15c	
	d	Other rental real estate credits (*see instructions*) Type ▶	15d	
	e	Other rental credits (*see instructions*) Type ▶	15e	
	f	Other credits (*see instructions*) Type ▶	15f	
Foreign Transactions	16a	Name of country or U.S. possession ▶ JA		
	b	Gross income from all sources	16b	10,229,530
	c	Gross income sourced at partner level	16c	
		Foreign gross income sourced at partnership level		
	d	Passive category ▶ 10,229,530 e General category ▶ f Other ▶	16f	
		Deductions allocated and apportioned at partner level		
	g	Interest expense ▶ h Other ▶	16h	
		Deductions allocated and apportioned at partnership level to foreign source income		
	i	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): ▶ Paid ■ Accrued ☐	16l	632,510
	m	Reduction in taxes available for credit (*attach statement*)	16m	
	n	Other foreign tax information (*attach statement*)		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	
	b	Adjusted gain or loss	17b	
	c	Depletion (other than oil and gas)	17c	
	d	Oil, gas, and geothermal properties—gross income	17d	
	e	Oil, gas, and geothermal properties—deductions	17e	
	f	Other AMT items (*attach statement*)	17f	
Other Information	18a	Tax-exempt interest income	18a	
	b	Other tax-exempt income	18b	
	c	Nondeductible expenses	18c	1,111
	19a	Distributions of cash and marketable securities	19a	408,202,737
	b	Distributions of other property	19b	
	20a	Investment income	20a	36,525
	b	Investment expenses	20b	
	c	Other items and amounts (*attach statement*)		

Analysis of Net Income (Loss)

1	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	1	406,413,471

2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners				41,147,057		
b	Limited partners			4,058,516	361,207,898		

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
	Assets	(a)	(b)	(c)	(d)
1	Cash		5,232,390		6,027,450
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*)				
7	Mortgage and real estate loans				
8	Other investments (*attach statement*)				
9a	Buildings and other depreciable assets	1,621,740		1,682,950	
b	Less accumulated depreciation	1,372,379	249,361	1,435,144	247,806
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (*attach statement*)				
14	Total assets		5,481,751		6,275,256
	Liabilities and Capital				
15	Accounts payable		1,567,623		3,049,605
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (*attach statement*)				
18	All nonrecourse loans				540,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (*attach statement*)				
21	Partners' capital accounts		3,914,128		2,685,651
22	Total liabilities and capital		5,481,751		6,275,256

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 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest $	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (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	3,914,128	6	Distributions: a Cash	408,202,737
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	406,974,260			
4	Other increases (itemize):		8	Add lines 6 and 7	408,202,737
5	Add lines 1 through 4	410,888,388	9	Balance at end of year. Subtract line 8 from line 5	2,685,651

Carlton Asset Management LP

69-0000003

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
Carlton Asset Management, LP	Carlton Asset Management, LP	69-0000003

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)	1	$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	43,332
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
Office Equipment	23,456	23,456
Furniture/Fixtures	19,876	19,876

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	43,332
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	43,332
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	250,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	43,332
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

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)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	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 2011	17	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 ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	62,765
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N Form **4562** (2011)

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
25 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) .						**25**		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person? . . .												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . .		

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
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 **Total.** Add amounts in column (f). See the instructions for where to report				**44**	

Carlton Asset Management LP

69-0000003

Form **8865**

Department of the Treasury
Internal Revenue Service

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

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

Information furnished for the foreign partnership's tax year beginning , 2011 and ending , 20

OMB No. 1545-1668

2011

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 **01/01**, 20 **11**, and ending **12/31**, 20 **11**

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 **Japan**

4 Date of organization	5 Principal place of business	6 Principal business activity code number	7 Principal business activity	8a Functional currency	8b Exchange rate (see instr.)
09/13/1992	Japan	523110	Security Dealing	Yen	.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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
	John Smith	03/14/2012		P00000010

Firm's name ▶ **Electronic Tax Filers Inc** Firm's EIN ▶ **69-0000098**

Firm's address ▶ **123 Any Street, Anytown, NY 11717** Phone no. **555-631-1212**

Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 25852A Form **8865** (2011)

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	69-0000003		✔
	San Francisco, CA 94101			

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.

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

Schedule D **Capital Gains and Losses** (Use Schedule D-1 (Form 1065) to list additional transactions for lines 1 and 7)

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

(a) Description of property (Example: 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					

2	Enter short-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 2	2	
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37	3	
4	Short-term capital gain (loss) from like-kind exchanges from Form 8824	4	
5	Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts	5	
6	**Net short-term capital gain or (loss).** Combine lines 1 through 5 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11	6	

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

(a) Description of property (Example: 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
7					

8	Enter long-term gain or (loss), if any, from Schedule D-1 (Form 1065), line 8	8	
9	Long-term capital gain from installment sales from Form 6252, line 26 or 37	9	
10	Long-term capital gain (loss) from like-kind exchanges from Form 8824	10	
11	Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts	11	
12	Capital gain distributions	12	
13	**Net long-term capital gain or (loss).** Combine lines 7 through 12 in column (f). Enter here and on Form 8865, Schedule K, line 9a or 11	13	

Schedule K	Partners' Distributive Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 2, line 22)	1	40,918,100
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach statement) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends 6b		
	7 Royalties	7	
	8 Net short-term capital gain (loss)	8	
	9a Net long-term capital gain (loss)	9a	
	b Collectibles (28%) gain (loss) 9b		
	c Unrecaptured section 1250 gain (attach statement) 9c		
	10 Net section 1231 gain (loss) (attach Form 4797)	10	
	11 Other income (loss) (see instructions) Type ▶	11	
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
	d Other deductions (see instructions) Type ▶	13d	
Self-Employment	14a Net earnings (loss) from self-employment	14a	
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	40,918,100
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other (attach statement) ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other (attach statement) ▶	16k	
	l Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	16l	2,530,040
	m Reduction in taxes available for credit (attach statement)	16m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	
	b Investment expenses	20b	
	c 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	
	Assets	**(a)**	**(b)**	**(c)**	**(d)**
1	Cash		1,750		2,250
2a	Trade notes and accounts receivable	27,000,000			
b	Less allowance for bad debts		27,000,000		14,000,000
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	115,000,000			
b	Less accumulated depreciation	11,000,000	104,000,000		183,918,100
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	**Total** assets		131,001,750		197,920,350
	Liabilities and Capital				
15	Accounts payable		1,000,000		1,500,000
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		130,001,750		196,420,350
22	**Total** 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
1	Total U.S. assets		
2	Total foreign assets:		
a	Passive category		
b	General category		
c	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.")

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

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

1	Balance at beginning of year	130,001,750		6	Distributions: a Cash		
2	Capital contributed:				b Property		
	a Cash	9,450,500		7	Other decreases (itemize):		
	b Property	16,000,000					
3	Net income (loss) per books	3,968,100					
4	Other increases (itemize):			8	Add lines 6 and 7		
5	Add lines 1 through 4	196,420,350		9	Balance at end of year. Subtract line 8 from line 5	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)
1	Sales of inventory				
2	Sales of property rights (patents, trademarks, etc.)				
3	Compensation received for technical, managerial, engineering, construction, or like services				
4	Commissions received				
5	Rents, royalties, and license fees received				
6	Distributions received				
7	Interest received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
13	Compensation paid for technical, managerial, engineering, construction, or like services				
14	Commissions paid				
15	Rents, royalties, and license fees paid				
16	Distributions paid				
17	Interest paid				
18	Other				
19	Add lines 10 through 18				
20	Amounts borrowed (enter the maximum loan balance during the year). See instructions				
21	Amounts loaned (enter the maximum loan balance during the year). See instructions				

SCHEDULE B-1 (Form 1065)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Partners Owning 50% or More of the Partnership

▶ **Attach to Form 1065. See instructions on back.**

OMB No. 1545-0099

Name of partnership	Employer identification number (EIN)
Carlton Asset Management, LP	69-0000010

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. Cat. No. 49842K **Schedule B-1 (Form 1065) (Rev. 12-2011)**

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.
▶ See separate instructions.

OMB No. 1545-0099

2011

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 / 2011 Ending 12 / 31 / 2011

3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach an explanation 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 an explanation and the amount of each item restated.)
☑ **No.**

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

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
a	Included on Part I, line 4	6,275,256	3,589,605
b	Removed on Part I, line 5		
c	Removed on Part I, line 6		
d	Included on Part I, line 7	6,275,256	3,589,605

Name of partnership: Sam Starling, LLP

Employer identification number: 69-0000003

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

	Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
	(Attach schedules for lines 1 through 9)				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships	10,229,525			10,229,525
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach details)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
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 details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	**Total income (loss) items.** Combine lines 1 through 22	10,229,525			10,229,525
24	**Total expense/deduction items.** (from Part III, line 31) (see instructions)	(2,222)		(560,789)	(563,011)
25	Other items with no differences	396,746,957			396,746,957
26	**Reconciliation totals.** Combine lines 23 through 25	406,974,260		(560,789)	406,413,471

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

Name of partnership: Carlton Asset Management, LP

Employer identification number: 69-0000003

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

	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 (attach schedule)				
30	Other expense/deduction items with differences (attach schedule)				
31	**Total expense/deduction items.** Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	2,222		560,789	563,011

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

2011

Name of transferor: **Carlton Asset Management, LP**

Filer's identifying number: **69-0000003**

Name of foreign partnership: **Mai Tai Investments**

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							
Marketable securities							
Inventory							
Tangible property used in trade or business	08/08/2011	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**

For Paperwork Reduction Act Notice, see the Instructions for Form 8865. Cat. No. 25909U **Schedule O (Form 8865) 2011**

Carlton Asset Management LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax year beginning _____, 2011 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
69-0000003

B Partnership's name, address, city, state, and ZIP code
Carlton Asset Management, LP
1676 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

I What type of entity is this partner? Individual

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

1	Ordinary business income (loss) 4,064,909	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		A Japan
5	Interest income 365		B 102,295
6a	Ordinary dividends		D 102,295
6b	Qualified dividends		L 6,235
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 11
		19	Distributions
12	Section 179 deduction 433		A 4,082,027
13	Other deductions	20	Other information
			A 365
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Carlton Asset Management LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax year beginning _____, 2011 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
69-0000003

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
69-3000002

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

I What type of entity is this partner? Partnership

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

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		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
		19	Distributions
12	Section 179 deduction 217		A 2.041,014
13	Other deductions	20	Other information
			A 183
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Carlton Asset Management LP

69-0000003 L51111

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1 (Form 1065)

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax year beginning _____, 2011 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
69-0000003

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

I What type of entity is this partner? Partnership

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:

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Recourse	$

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

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9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
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			A 183
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*See attached statement for additional information.

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