

Publication 4505

Modernized e-File Test Package for Forms 1065/1065-B For Tax Year 2009

U.S. Return of Partnership Income

And

U.S. Return of Income for Electing Large Partnerships

(Revision 5 -9/2009)

Internal Revenue Service Electronic Tax Administration

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Form 1065/1065-B Assurance Testing Tax Year 2009

WHAT'S NEW?

ATS is scheduled to begin on 11/2/2009

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 2010 (Tax Year 2009) 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 software developer is ready to start testing, they need to 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.

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 2009 Assurance Testing System (ATS) consists of:

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

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

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

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

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

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

<http://www.microsoft.com/downloads/details.aspx?FamilyID=3144b72bb4f2-46da-b4b6-c5d7485f2b42&DisplayLang=en>

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

FORMATTING THE ENTITIES

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

Example:

Test Scenario

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

XML Format

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

PASSWORDS/STRONG AUTHENTICATION

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

Internet Filing Application (IFA)

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

Application to Application (A2A)

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

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

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

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

WHEN TO TEST

When you are ready to test 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 TY2009 will be available in ATS on November 2, 2009. 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 2009 1065/1065-B Test
Scenarios**

TAX YEAR 2009 1065/1065-B TEST SCENARIOS

**1. 1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (30), 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
Ordinary Business Income (Loss) Statement

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

NOTE: Please use the same data for the additional thirty (29) Schedule K-1s, but increment the entity information as follows:

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

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

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

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

ATTACHMENTS: Self-Charged
Itemized Other Deductions Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE

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

ATTACHMENTS: Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement Itemized Other Deductions Statement Publicly Traded Partnership Statement Ownership of Any Interest in Another Partnership or Foreign Entity Statement Section 754 Election Income (Loss) From Foreign Partnerships Schedule

BINARY ATTACHMENTS: None

4. 1065, 4562, 4797, 8308, 1065 Sch D, 1065 Sch K-1 (3), 1065 Sch 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

Schedule M-2 Itemized Deductions Not Charged Against Book Statement

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

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

ATTACHMENTS: Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement Itemized Other Deductions Statement Ownership of Any Interest in Another Partnership or Foreign Entity Statement Schedule L Other Current Assets Statement Schedule L Other Current Liabilities Statement

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

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

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

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

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

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

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

8. 1065-B, 8308, 1065-B SCH K-1 (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 (30), 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
Ordinary Business Income (Loss) Statement

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

HEADER INFO:

Tax Period: Calendar Year 2009

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: 04/01/2010

Preparer: Name: Jesse James
SSN: 000-10-0001
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2010
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

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

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

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

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning _____, 2009, ending _____, 20_____
▶ See separate instructions.

OMB No. 1545-0099

2009

A Principal business activity Legal Services	Use the IRS label. Otherwise, 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	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 ▶ **30**
- 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	323,455,613			
	b Less returns and allowances	1b			1c	323,455,613
	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	
	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 <small>(see the instructions for limitations)</small>	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 Schedule 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.

▶ _____ ▶ _____
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's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-10-0001
Firm's name (or yours if self-employed), address, and ZIP code	ELECTRONIC TAX FILERS INC 1065 EFILE DRIVE, ANYTOWN, NV 89501		EIN ▶ 69-0000098
			Phone no. 555-631-1212

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

Cat. No. 11390Z

Form **1065** (2009)

Schedule A Cost of Goods Sold (see the instructions)

Table with 8 rows and 3 columns. Rows include: 1 Inventory at beginning of year, 2 Purchases less cost of items withdrawn for personal use, 3 Cost of labor, 4 Additional section 263A costs, 5 Other costs, 6 Total. Add lines 1 through 5, 7 Inventory at end of year, 8 Cost of goods sold.

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...
c Check this box if the LIFO inventory method was adopted...
d Do the rules of section 263A...
e Was there any change in determining quantities, cost, or valuations...

Schedule B Other Information

Table with 4 main rows and 3 columns (Yes, No, and a third column for 'Other'). Rows include: 1 What type of entity is filing this return?, 2 At any time during the tax year, was any partner...?, 3 At the end of the tax year: a Did any foreign or domestic corporation...?, b Did any individual or estate own...?, 4 At the end of the tax year, did the partnership: a Own directly 20% or more...

Table with 4 columns: (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...

Table with 5 columns: (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.

Test Scenario 1

Sam Starling, LLP 69-0000001

Form 1065 (2009)

Page **3**

	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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
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. ▶ _____ 0 _____		

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		

Form **1065** (2009)

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	
	d	Passive category ▶ e General category ▶ f Other ▶	16f	
	g	Interest expense ▶ h Other ▶	16h	
	i	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	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						
			48,586,307	55,065,902			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
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)				
7	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		6,183,000
18	All nonrecourse loans		11,000,000		11,000,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		44,888,917		91,184,919
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	121,435,397	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)	22,675,031	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 \$	41,233,347
a	Depreciation \$				
b	Travel and entertainment \$	775,128	8	Add lines 6 and 7	41,233,347
		775,128	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	103,652,209
5	Add lines 1 through 4	144,885,556			

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
			9	Balance at end of year. Subtract line 8 from line 5	91,184,004
5	Add lines 1 through 4	166,324,314			

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Sam Starling, LLP

Business or activity to which this form relates
Legal Services

Identifying number
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 the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property			39 yrs.	MM	S/L	
		1,425,000	39	MM	S/L	35,069

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

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.

Table with 6 main columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Includes rows 30-36 with sub-columns for Yes/No.

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

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

Table with 2 columns: Yes, No. Includes rows 37-41.

Part VI Amortization

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Sam Starling, LLP

Business or activity to which this form relates
Rental

Identifying number
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 the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

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.

Table with 6 columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Includes rows 30-36.

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).

Table with 2 columns: Yes, No. Includes rows 37-41.

Part VI Amortization

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.

Form **4797**

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009
Attachment
Sequence No. **27**

Department of the Treasury
Internal Revenue Service (99)

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

Name(s) shown on return

Identifying number

Sam Starling, LLP

69-0000001

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 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 43 **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 35 and 42a **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 39, 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. 130861

Form **4797** (2009)

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	10/01/2008	01/19/2009		
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 37. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

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

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

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

OMB No. 1545-1186

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

Name **Sam Starling, LLP** Employer identification number **69 0000001**

1 Show the kind and location of each property. See page 2 to list additional properties.

- A Rental
- 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) ▶	15	1,013,500			
16 Total expenses for each property. Add lines 3 through 15	16	1,031,775			

17 Total gross rents. Add gross rents from line 2, columns A through H	17	1,234,900			
18 Total expenses. Add total expenses from line 16, columns A through H	18	(1,031,775)			
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19				
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 real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:	21	203,125			
• Form 1065 or 1120S: Schedule K, line 2, or					
• Form 1065-B: Part I, line 4					

1 Show the kind and location of each property.
 E
 F
 G
 H

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

Instructions

Section references are to the Internal Revenue Code.

What's New

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

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

Before completing this form, be sure to read:

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

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

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

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

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

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

Do not report on Form 8825 any:

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

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

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

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

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

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

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

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

**Empowerment Zone and Renewal
 Community Employment Credit**

▶ Attach to your tax return.

Name(s) shown on return		Identifying number
Sam Starling, LLP		69-0000001
1	Enter the total qualified wages paid or incurred during calendar year 2009 only (see instructions)	
a	Qualified empowerment zone wages \$ <u>200,000</u> X 20% (.20)	1a 40,000
b	Qualified renewal community wages \$ _____ X 15% (.15)	1b
2	Add lines 1a and 1b. See instructions for the adjustment you must make to salaries and wages	2 40,000
3	Employment zone and renewable community employment credit from partnerships, S corporations, cooperatives, estates, and trusts	3
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go to line 5	4 40,000
5	Empowerment zone and renewal community employment credit included on line 4 from passive activities (see instructions)	5
6	Subtract line 5 from line 4	6 40,000
7	Passive activity credit allowed for 2009 (see instructions)	7
8	Carryforward of empowerment zone and renewal community employment credit to 2009	8
9	Carryback of empowerment zone and renewal community employment credit from 2010 (see instructions)	9
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, report this amount on Form 3800, line 24	10 40,000
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions)	11
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Report this amount on Form 3800, line 24	12

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 16145S

Form **8844** (2009)

**Credit for Employer-Provided Childcare
Facilities and Services**

▶ Attach to your tax return.

Name(s) shown on return		Identifying number	
Sam Starling, LLP		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	35,600
6	Add lines 2, 4, and 5	6	35,600
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	35,600
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.

- If the facility is the principal trade or business of the taxpayer, at least 30% of the enrollees of the facility must be dependents of employees of the taxpayer.
- The use of the facility (or the eligibility to use the facility) must not discriminate in favor of highly compensated employees.

Qualified childcare resource and referral expenditures are amounts paid or incurred under a contract to provide childcare resource and referral services to employees of the taxpayer. The provision of the services (or the eligibility to use the services) must not discriminate in favor of highly compensated employees.

No Double Benefit Allowed

You must reduce:

- The basis of any qualified childcare facility by the amount of the credit on line 7 allocable to capital expenditures related to the facility,
- Any otherwise allowable deductions used to figure the credit by the amount of the credit on line 7 allocable to those deductions, and
- Any expenditures used to figure any other credit by the amount of the credit on line 7 allocable to those expenditures (for purposes of figuring the other credit).

Note. For credits entered on line 5, only the pass-through entity is required to make this reduction.

Recapture of Credit

You may have to recapture part or all of the credit if, before the 10th tax year after the tax year in which your qualified childcare facility is placed in service, the facility ceases to operate as a qualified childcare facility or there is a change in ownership of the facility. However, a change in ownership will not require recapture if the person acquiring the interest in the facility agrees, in writing, to assume the recapture liability. See section 45F(d) for details.

Any recapture tax is reported on the line of your tax return where other recapture taxes are reported (or, if no such line, on the "total tax" line). The recapture tax may not be used in figuring the amount of any credit or in figuring the alternative minimum tax.

Member of Controlled Group or Business Under Common Control

For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit for lines 2 and 4 as follows:

- Compute your credit for line 2 based on your proportionate share of qualified childcare facility expenditures giving rise to the group's credit for line 2. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 2.
- Compute your credit for line 4 based on your proportionate share of qualified resource and referral expenditures giving rise to the group's credit for line 4. Enter your share of the credit on line 4. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 4.

Specific Instructions

Line 8

Estates and trusts. Allocate the credit for employer-provided childcare facilities and services on line 7 between the estate or trust and the beneficiaries in the same proportion as income was allocated, and enter the beneficiaries' share on line 8.

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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping	2 hr., 37 min.
Learning about the law or the form	30 min.
Preparing and sending the form to the IRS	34 min.

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

SCHEDULE C (Form 1065)

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury Internal Revenue Service

▶ Attach to Form 1065. See separate instructions.

Name of partnership Sam Sterling LLP

Employer identification number 69-0000001

Table with 6 rows of questions and two columns: Yes, No. Each row has a question and a checked 'No' box.

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

Cat. No. 49945S

Schedule C (Form 1065) 2009

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning _____, 2009
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
PO 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	.5 %	.5 %
Loss	.5 %	.5 %
Capital	.5 %	.5 %

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)	15	Credits	L 200
		403,407		
2	Net rental real estate income (loss)			P 178
		1,016		
3	Other net rental income (loss)	16	Foreign transactions	
4	Guaranteed payments			
5	Interest income			463
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	A 997
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 3,876
12	Section 179 deduction			A 375,702
13	Other deductions			
14	Self-employment earnings (loss)			
			19	Distributions
				A 463
			20	Other information
				A 463

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

**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)	15	Credits	L 16,000
				32,272,560
2	Net rental real estate income (loss)			P 14,240
				81,248
3	Other net rental income (loss)	16	Foreign transactions	
4	Guaranteed payments			22,675,031
5	Interest income			37,000
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	A 79,782
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 310,052
12	Section 179 deduction			A 30,056,124
13	Other deductions			
14	Self-employment earnings (loss)			A 55,024,842
				C 55,024,842
19	Distributions			
20	Other information			A 37,060

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning _____, 2009
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 Jonhs, NFLD
Canada, A1C5N5**

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)	15	Credits
	8,068,140		L 4,000
2	Net rental real estate income (loss)		P 3,560
	20,312		
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
			A 19,946
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 77,513
12	Section 179 deduction		A 7,514,031
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
			A 9,265
		20	Other information

*See attached statement for additional information.

For IRS Use Only

SCHEDULE M-3 (Form 1065)

Net Income (Loss) Reconciliation for Certain Partnerships

OMB No. 1545-0099

2009

Department of the Treasury Internal Revenue Service

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

Name of partnership

Employer identification number

Sam Sterling LLP

69-0000001

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

- A [x] The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
B [x] The amount of the partnership's adjusted total assets for the year is equal to \$10 million or more.
C [x] The amount of total receipts for the taxable year is equal to \$35 million or more.
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...

Table with 3 columns: 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?
b Did the partnership prepare a certified audited non-tax-basis income statement for that period?
c Did the partnership prepare a non-tax-basis income statement for that period?
2 Enter the income statement period: Beginning 01 / 01 / 2009 Ending 12 / 31 / 2009
3a Has the partnership's income statement been restated for the income statement period on line 2?
b Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2?

Table with 2 columns: Description and Amount. Includes rows for worldwide consolidated net income (121,435,917), net income from nonincludible foreign entities, and net income from nonincludible U.S. entities.

Table for line 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. Includes sub-table for Total Assets and Total Liabilities.

Name of partnership

Sam Sterling, 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 30) (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, page 5, Analysis of Net Income (Loss), line 1.

Name of partnership Sam Sterling, LLP	Employer identification number 69-0000001
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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 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	12,959,862	(4,116,715)	21,899,903	30,743,050

TEST SCENARIO 2**FORMS REQUIRED:**

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

ATTACHMENTS:Self-Charged Interest Election
Itemized Other Deductions Statement**BINARY ATTACHMENTS:** Scanned Form 8453-PE**HEADER INFO:****Tax Period:** Calendar Year 2009

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: 04/15/2010

Preparer:	Name: Paul Jennings
	SSN: 000-20-0002
	Phone: 555-631-1212
	Email Address: Anymail@email.com
	Date Prepared: 04/15/2010
	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

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning 01/01/, 2009, ending 12/31, 2009
▶ See separate instructions.

A Principal business activity Boat Sale	Use the IRS label. Otherwise, print or type.	Name of partnership Jennings Boat, LLC	D Employer identification number 69-0000002
B Principal product or service Sales and Services		Number, street, and room or suite no. If a P.O. box, see the instructions. Rt 1 Box 843	E Date business started 01/01/2008
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

- 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 Gross receipts or sales	1a	4,212,980			
	b Less returns and allowances	1b	350,000		1c	3,862,980
	2 Cost of goods sold (Schedule A, line 8)				2	3,508,203
	3 Gross profit. Subtract line 2 from line 1c				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 <small>(see the instructions for limitations)</small>	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 Schedule 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.

▶ _____ ▶ _____
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's Use Only

Preparer's signature: _____ Date: _____
Check if self-employed Preparer's SSN or PTIN: **000-20-0002**

Firm's name (or yours if self-employed), address, and ZIP code: **ELECTRONIC TAX FILERS INC**
1065 EFILE DRIVE, ANYTOWN, NV 89501 EIN ▶ **69-0000098**
Phone no. **(555)555-555**

Schedule A Cost of Goods Sold (see the instructions)

Table with 8 rows and 3 columns. Row 1: Inventory at beginning of year. Row 2: Purchases less cost of items withdrawn for personal use (5,602,453). Row 3: Cost of labor. Row 4: Additional section 263A costs. Row 5: Other costs (131,245). Row 6: Total. Add lines 1 through 5 (5,733,698). Row 7: Inventory at end of year (2,225,675). Row 8: Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 (3,508,023).

9a Check all methods used for valuing closing inventory:

- (i) [x] 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
d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?
e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

Schedule B Other Information

Table with 2 columns: Yes, No. Row 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. Row 2: At any time during the tax year, was any partner in the partnership a disregarded entity... Row 3: At the end of the tax year: a Did any foreign or domestic corporation, partnership... b Did any individual or estate own, directly or indirectly, an interest of 50% or more... Row 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...

Table with 4 columns: (i) Name of Corporation, (ii) Employer Identification Number (if any), (iii) Country of Incorporation, (iv) Percentage Owned in Voting Stock. Multiple empty rows for data entry.

- 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

Table with 5 columns: (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. Multiple empty rows for data entry.

Test Scenario 2

Jennings Boat, LLC 69-0000002

Form 1065 (2009)

Page **3**

		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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
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. ▶ _____ 0 _____		

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 ▶ _____	

Form **1065** (2009)

Test Scenario 2

Jennings Boat, LLC 69-0000002

Form 1065 (2009)

Page 4

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	
	d	Passive category ▶ e General category ▶ f Other ▶	16f	
	g	Interest expense ▶ h Other ▶	16h	
	i	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	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)			

Form 1065 (2009)

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

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
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)				
7	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				
19	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):	
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 \$	80,505
a	Depreciation \$				80,505
b	Travel and entertainment \$	600	8	Add lines 6 and 7	80,505
		600	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	(598,355)
5	Add lines 1 through 4	(517,850)			

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	
			9	Balance at end of year. Subtract line 8 from line 5	(468,450)
5	Add lines 1 through 4	(468,450)			

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Jennings Boat, LLC

Business or activity to which this form relates
Boat Sales

Identifying number
69-0000002

Part I Election To Expense Certain Property Under Section 179

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

1	Maximum amount. See the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
				MM	S/L	10,913

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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:									
2008 Pilot	07/22/2009	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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
Start Up	01/01/2009	6,000	195	5	500
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44 500

Form 4797

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009 Attachment Sequence No. 27

Department of the Treasury Internal Revenue Service (99)

Attach to your tax return. See separate instructions.

Name(s) shown on return

Identifying number

Jennings Boat, LLC

69-0000002

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 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)

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss)

3 Gain, if any, from Form 4684, line 43
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
6 Gain, if any, from line 32, from other than casualty or theft.
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:

3
4
5
6
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):

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss)

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 35 and 42a

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 39, 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. 130861

Form 4797 (2009)

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 37. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

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

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

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

▶ Attach to your tax return.

Name(s) shown on tax return

Jennings Boat, 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:

"2000 Saturn SL"

2 Description of like-kind property received:

"2008 Pilot"

3 Date like-kind property given up was originally acquired (month, day, year)

3 01/21/2009

4 Date you actually transferred your property to other party (month, day, year)

4 07/22/2009

5 Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written notice requirement

5 07/22/2009

6 Date you actually received the like-kind property from other party (month, day, year). See instructions

6 07/22/2009

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).

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

Your social security number

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			9,000
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions)	21			9,000
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions)	22			
23	Recognized gain. Add lines 21 and 22	23			9,000
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	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			

Report of Employer-Owned Life Insurance Contracts

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

Name(s) shown on return Jennings Boat, LLC	Identifying number 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 <i>Section 1035 exchanges</i> below 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? <input type="checkbox"/> Yes <input type="checkbox"/> No		
b If "No," enter the number of employees included on line 2 for whom the policyholder does not have a valid consent	4b	

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

(December 2009)
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 Jennings Boat, LLC	Employer identification number (EIN) 69 000002
--	--

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, or tax-exempt organization 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, Capital, or Loss
James Stephens	000-10-0002	US	50%
Daniel Jenings	000-10-0001	US	50%

Test Scenario 2

Schedule K-1 (Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

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 Boat, LLC
Rt 1 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 \$ **25,000**

Capital contributed during the year \$ **(259,225)**

Current year increase (decrease) \$ _____

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
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
		20	Other information A 125

*See attached statement for additional information.

For IRS Use Only

Test Scenario 2

Schedule K-1 (Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01/, 2009
ending 12/31, 20 09

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 Boat, LLC
Rt 1 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
PO 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

TEST SCENARIO 3**FORMS REQUIRED:**

1065, Schedule M-3 (Form 1065), 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
Other Income (Loss) Statement (Form 1065, Line 7, Other Income (Loss)); Form 1065 Instructions, other
Income (Loss) Pg 15)
Section 754 Election

BINARY ATTACHMENTS: None

HEADER INFO:

Tax Period: Calendar Year 2009

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:
 Phone: 555-555-5555
 Email Address: Anymail@email.com
 Date Signed: 03/15/2010

Preparer: **Name:** John Smith
 SSN: 000-30-0003
 Phone: 555-631-1212
 Email Address: Anymail@email.com
 Date Prepared: 03/14/2010
 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 4, Form 1065 (Publicly Traded Partnership)

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

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

U.S. Return of Partnership Income

For calendar year 2009, or tax year beginning _____, 2009, ending _____, 20_____

2009

▶ See separate instructions.

A Principal business activity Management	Use the IRS label. Otherwise, print or type.	Name of partnership Carlton Asset 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) \$ 6,725,256

- 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 ▶ **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 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 <small>(see the instructions for limitations)</small>	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.

▶ _____ ▶ _____
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's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-30-0003
Firm's name (or yours if self-employed), address, and ZIP code	ELECTRONIC TAX FILERS INC. 1065 EFILE DRIVE, ANYTOWN, NV 89501		EIN ▶ 69-0000098
			Phone no. 555-631-1212

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

Schedule A Cost of Goods Sold (see the instructions)

Table with 8 rows for Cost of Goods Sold. Line 1: Inventory at beginning of year. Line 2: Purchases less cost of items withdrawn for personal use. Line 3: Cost of labor. Line 4: Additional section 263A costs. Line 5: Other costs. Line 6: Total. Add lines 1 through 5. Line 7: Inventory at end of year. Line 8: Cost of goods sold. Subtract line 7 from line 6.

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
d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?
e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

Schedule B Other Information

Table with 2 columns: Question, Yes, No. Row 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. Row 2: At any time during the tax year, was any partner in the partnership a disregarded entity... Row 3: At the end of the tax year: a Did any foreign or domestic corporation, partnership... b Did any individual or estate own, directly or indirectly, an interest of 50% or more... Row 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...

Table with 4 columns: (i) Name of Corporation, (ii) Employer Identification Number (if any), (iii) Country of Incorporation, (iv) Percentage Owned in Voting Stock. Includes empty rows for data entry.

- 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

Table with 5 columns: (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. Row 1: Mai Tai Investments, 69-0000099, partnership, Japan, 25%

Test Scenario 3

Carlton Asset Management, LP 69-0000003

Form 1065 (2009)

	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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✓
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶ _____		
16 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶ _____		✓
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ _____ 1 _____		

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		

Test Scenario 3 Carlton Asset Management, LP 69-0000003

Form 1065 (2009)

Page 4

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 <input checked="" type="checkbox"/> Accrued <input type="checkbox"/>	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						
b	Limited partners						
				41,147,057			
			4,058,516	361,207,898			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		5,232,390		6,027,45
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		3,685,651
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	8	Add lines 6 and 7	408,202,737
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	2,685,651
5	Add lines 1 through 4	410,888,388			

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

2009

Department of the Treasury Internal Revenue Service (99)

See separate instructions.

Attach to your tax return.

Attachment Sequence No. 67

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.

Table with 5 main rows for Section 179 election. Line 1: \$250,000; Line 2: 43,332; Line 3: \$800,000; Line 5: 250,000. Sub-table for lines 6-13 showing descriptions like Office Equipment and Furniture/fixtures with costs and elected amounts.

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.)

Table with 3 rows for Part II. Line 14: Special depreciation allowance; Line 15: Property subject to section 168(f)(1) election; Line 16: Other depreciation (including ACRS) totaling 43,766.

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

Section A

Table with 2 rows for Section A. Line 17: MACRS deductions for assets placed in service in tax years beginning before 2009 totaling 18,999.

Section B—Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 3-year, 5-year, 7-year, 10-year, 15-year, 20-year, 25-year properties and residential/nonresidential rental properties.

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

Table with 7 columns similar to Section B. Rows include Class life 12-year and 40-year.

Part IV Summary (See instructions.)

Table with 3 rows for Part IV. Line 21: Listed property amount; Line 22: Total depreciation totaling 62,765; Line 23: Portion of the basis attributable to section 263A costs.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

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.

Table with 6 columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Includes rows 30-36.

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).

Table with 2 columns: Yes, No. Includes rows 37-41.

Part VI Amortization

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.

Form 8865

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

OMB No. 1545-1668

2009

Department of the Treasury Internal Revenue Service

Attach to your tax return. See separate instructions. Information furnished for the foreign partnership's tax year beginning , 2009 and ending , 20

Attachment Sequence No. 118

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

Filer's address (if you are not filing this form with your tax return): 1678 S. Hoover Blvd San Francisco, CA 94101 A Category of filer (see Categories of Filers in the instructions and check applicable box(es)): 1 [] 2 [] 3 [x] 4 [] B Filer's tax year beginning 01/01, 20 09, and ending 12/31, 20 09

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) Table with columns: (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 Investments 1-2-3 Ginsu, Chuo-Ku Tokyo, 190-2182 2 EIN (if any): 69-0000099 3 Country under whose laws organized: Japan

4 Date of organization: 09/13/1992 5 Principal place of business: Japan 6 Principal business activity code number: 523110 7 Principal business activity: Security Dealing 8a Functional currency: Yen 8b Exchange rate (see instr.): .8739

G Provide the following information for the foreign partnership's tax year: 1 Name, address, and identifying number of agent (if any) in the United States 2 Check if the foreign partnership must file: [] Form 1042 [] Form 8804 [] Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed: E-File 3 Name and address of foreign partnership's agent in country of organization, if any 4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different

5 Were any special allocations made by the foreign partnership? [] Yes [x] 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 [x] No 9 Does this partnership meet both of the following requirements? [] Yes [x] No • The partnership's total receipts for the tax year were less than \$250,000 and • The value of the partnership's total assets at the end of the tax year was less than \$1 million. If "Yes," do not complete Schedules L, M-1, and M-2.

Sign Here Only If You 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 Preparer's signature Date Check if self-employed [] Preparer's SSN or PTIN: 000-20-0002 Firm's name (or yours if self-employed), address, and ZIP code: Electronic Tax Filers Inc 123 Any Street, Anytown, NY 11717 EIN: 69-0000098 Phone no.: 555-631-1212

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	
	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	
	c	Gross income sourced at partner level	16c	
	d	Passive category ▶ e General category ▶ f Other (attach statement) ▶	16f	
	g	Interest expense ▶ h Other ▶	16h	
	i	Passive category ▶ j General category ▶ k Other (attach statement) ▶	16k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> 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	
	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	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2a Trade notes and accounts receivable . . .				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (<i>attach statement</i>) . .				
7 Mortgage and real estate loans				
8 Other investments (<i>attach statement</i>) . . .				
9a Buildings and other depreciable assets . .				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only) . . .				
b Less accumulated amortization				
13 Other assets (<i>attach statement</i>)				
14 Total assets				
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (<i>attach statement</i>) .				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (<i>attach statement</i>)				
21 Partners' capital accounts				
22 Total liabilities and capital				

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

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 C (Form 1065)

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury Internal Revenue Service

Attach to Form 1065. See separate instructions.

Name of partnership

Carlton Asset Management LP

Employer identification number

69-000003

	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) 2009

SCHEDULE B-1 (Form 1065)

Information on Partners Owning 50% or More of the Partnership

OMB No. 1545-0099

(December 2009) Department of the Treasury Internal Revenue Service

Attach to Form 1065. See instructions on back.

Table with 2 columns: Name of partnership (Carlton Asset Management, LP) and Employer identification number (EIN) (69-0000003)

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

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

Table with 5 columns: (i) Name of Entity, (ii) Employer Identification Number, (iii) Type of Entity, (iv) Country of Organization, (v) Maximum Percentage Owned. Row 1: 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).

Table with 4 columns: (i) Name of Individual or Estate, (ii) Identifying Number, (iii) Country of Citizenship, (iv) Maximum Percentage Owned in Profit, Capital, or Loss

Schedule K-1 (Form 1065)

2009

Department of the Treasury Internal Revenue Service

For calendar year 2009, or tax year beginning 01/01, 2009 ending 12/31, 20 09

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

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) [checked].

Part II Information About the Partner

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 [checked]. H Domestic partner [checked]. 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. 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 \$ 265,565. M Did the partner contribute property with a built-in gain or loss? No [checked].

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

Table with 3 columns: Line number, Description, and Amount. Rows include: 1 Ordinary business income (loss) 15 Credits 40,649,089; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions A Japan; 4 Guaranteed payments 561,900 B 1,022,953; 5 Interest income 3,653 D 1,022,953; 6a Ordinary dividends L 63,251; 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 111; 12 Section 179 deduction 4,333; 13 Other deductions; 19 Distributions A 40,820,274; 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

Schedule K-1 (Form 1065)

2009

Department of the Treasury Internal Revenue Service

For calendar year 2009, or tax year beginning 01/01, 2009 ending 12/31, 20 09

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

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 Hooever Blvd, San Francisco, CA 94101. C IRS Center where partnership filed return: Ogden. D Check if this is a publicly traded partnership (PTP) [checked].

Part II Information About the Partner

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 [unchecked], Limited partner or other LLC member [checked]. H Domestic partner [checked], Foreign partner [unchecked]. 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. 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 [unchecked], GAAP [unchecked], Section 704(b) book [checked]. M Did the partner contribute property with a built-in gain or loss? Yes [unchecked], No [checked]. If "Yes", attach statement (see instructions).

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

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 361,776,890 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions A Japan; 4 Guaranteed payments B 9,104,282; 5 Interest income 32,507 D 9,107,282; 6a Ordinary dividends L 562,934; 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 989; 12 Section 179 deduction 38,567; 13 Other deductions; 14 Self-employment earnings (loss); 19 Distributions A 363,300,436; 20 Other information A 32,507.

*See attached statement for additional information. For IRS Use Only

Schedule K-1 (Form 1065)

2009

Department of the Treasury Internal Revenue Service

For calendar year 2009, or tax year beginning 01/01/2009 ending 12/31, 2009

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

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) [checked].

Part II Information About the Partner

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 [unchecked], Limited partner or other LLC member [checked]. H Domestic partner [checked], Foreign partner [unchecked]. 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. 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 \$ 26,857. M Did the partner contribute property with a built-in gain or loss? Yes [unchecked], No [checked].

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

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 4,064,909 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions A Japan; 4 Guaranteed payments B 102,295; 5 Interest income 365 D 102,295; 6a Ordinary dividends L 6,325; 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 11; 12 Section 179 deduction 433; 13 Other deductions; 14 Self-employment earnings (loss); 19 Distributions A 4,082,027; 20 Other information A 365.

*See attached statement for additional information.

For IRS Use Only

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

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

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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	<input checked="" type="checkbox"/> GAAP	2	<input type="checkbox"/> IFRS
3	<input type="checkbox"/> 704(b)		
4	<input type="checkbox"/> Tax-basis	5	<input type="checkbox"/> Other: (Specify) ▶ _____
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 4 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

Test Scenario 3

Carlton Asset Management, LP 69-0000003

Schedule M-3 (Form 1065) 2009

Name of partnership

Carlton Asset Management, LP

Employer identification number

69-0000003

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

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(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 30) (see instructions)	(2,2220		(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, page 5, 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 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	2,222		560,789	563,011

SCHEDULE O
(Form 8865)

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

OMB No. 1545-1668

2009

Department of the Treasury
Internal Revenue Service

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

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	08/09/2009	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) 2009

TEST SCENARIO 4**FORMS REQUIRED:**

1065, 4562, 4797, 8308, 1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE, Schedule B-1(F1065), 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
Other AMT Items Statement
Schedule L Other Current Assets Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement

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

Tax Period: Calendar Year 2009

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: 04/11/2010

Preparer: **Name: John Smith**
SSN: 000-40-0004
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/11/2010

Self Employed: No

Details for attachments to Form

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

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

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

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

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

Rent	50,000
Utilities	24,212

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

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

Section 754 Election (Form 1065, Page 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)

Stream (Length: 100,000 Characters)	This is where you place your other AMT items information.
-------------------------------------	---

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

Schedule M-1 Itemized Deductions Not Charged Against Books Statement
(Form 1065, Page 4, Schedule M-1, Line 7)

Type	Amount
Depletion	506,885

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

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning _____, 2009, ending _____, 20_____
▶ See separate instructions.

OMB No. 1545-0099

2009

A Principal business activity Quarries	Use the IRS label. Otherwise, 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 Gross receipts or sales	1a	15,200,800		
	b Less returns and allowances	1b	115,470		1c align="right"> 15,085,330
	2 Cost of goods sold (Schedule A, line 8)	2			7,000,000
	3 Gross profit. Subtract line 2 from line 1c	3			8,085,330
	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			8,159,252	
Deductions <small>(see the instructions for limitations)</small>	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	1,552,601		
	b Less depreciation reported on Schedule A and elsewhere on return	16b	1,552,601		16c align="right"> 0
	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			1,381,987	

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's Use Only

Preparer's signature: _____ Date: _____
Firm's name (or yours if self-employed), address, and ZIP code: **ELECTRONIC TAX FILERS INC**
1065 EFILE DRIVE ANYTOWN, OR 97201
Check if self-employed Preparer's SSN or PTIN: **000-40-0004**
EIN: **69-0000098**
Phone no.: **555-631-5555**

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1	1,372,320
2	Purchases less cost of items withdrawn for personal use	2	1,512,263
3	Cost of labor	3	2,130,412
4	Additional section 263A costs (attach statement)	4	74,212
5	Other costs (attach statement)	5	3,118,713
6	Total. Add lines 1 through 5	6	8,207,920
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 page 1, line 2	8	7,000,000

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (specify method used and attach explanation) ▶

- b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶
- 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	<input checked="" type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> 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 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

Test Scenario 4

Eastland Quarries 69-0000004

		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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
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. ▶ _____ 0 _____		

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 ▶ _____	

Test Scenario 4

Eastland Quarries 69-0000004

Form 1065 (2009)

Page 4

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	1,381,987
	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	
	d	Passive category ▶ e General category ▶ f Other ▶	16f	
	g	Interest expense ▶ h Other ▶	16h	
	i	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	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	(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)			

Form 1065 (2009)

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	1,336,512
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners		735,082				
b	Limited partners		601,430				

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
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
7	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	1,523,300	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		737,000
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				
19	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	3,319,009	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 \$	1,487,612
a	Depreciation \$				1,994,497
b	Travel and entertainment \$	12,000	8	Add lines 6 and 7	1,994,497
5	Add lines 1 through 4	3,331,009	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	1,336,512

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

Form **4797**

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009
Attachment
Sequence No. **27**

Department of the Treasury
Internal Revenue Service (99)

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

Name(s) shown on return

Identifying number

Eastland Quarries

69-0000004

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 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	01/01/2007	06/30/2009	162,372	37,128	260,000	(60,500)

3 Gain, if any, from Form 4684, line 43 **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 35 and 42a **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 39, 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** (2009)

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	01/01/2008	06/01/2009		
B	Machinery & Equipment	01/30/2008	06/30/2009		
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 37. 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	

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Eastland Quarries

Business or activity to which this form relates
Quarries

Identifying number
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 the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	200DB	11,052
c	7-year property	322,560	7	HY	200DB	46,062
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 2009 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	1,552,601
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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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 Envoy	02/17/2009	100 %	42,600	42,600	5	200DB/HY	8,520		
2009 HondaCiv	01/01/2009	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.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
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												
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).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
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 2009 tax year (see instructions):					
Development	06/30/2009	104,106	291	5	10,411
43 Amortization of costs that began before your 2009 tax year				43	431,513
44 Total. Add amounts in column (f). See the instructions for where to report				44	441,924

Form **8308**

Report of a Sale or Exchange of Certain Partnership Interests

OMB No. 1545-0941

(Rev. October 2005)

Department of the Treasury
Internal Revenue Service

▶ Please print or type.

Name of partnership Eastland Quarries	Telephone number (555) 555-5555	Employer identification number 69-0000004
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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 Peter Teak	Identifying number 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 Joseph Spruce	Identifying number 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 / 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
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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)**

(December 2009)
Department of the Treasury
Internal Revenue Service

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

▶ Attach to Form 1065. See instructions on back.

OMB No. 1545-0099

Name of partnership Eastland Quarries	Employer identification number (EIN) 69 000004
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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, or tax-exempt organization 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, Capital, or Loss
Jonathan Teak	000-30-0003	US	55

SCHEDULE C (Form 1065)

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury Internal Revenue Service

Attach to Form 1065. See separate instructions.

Name of partnership

Employer identification number

Eastland Quarries

69-0000004

- 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?

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Cat. No. 49945S

Schedule C (Form 1065) 2009

**SCHEDULE D
(Form 1065)**

Capital Gains and Losses

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1065. ▶ See separate instructions.

▶ Use Schedule D-1 to list additional transactions for lines 1 and 7.

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	04/09/2009	09/13/2009	5,000	2,700	2,300
2 Enter short-term capital gain or (loss), if any, from Schedule D-1, line 2					0
3 Short-term capital gain from installment sales from Form 6252, line 26 or 37					
4 Short-term capital gain (loss) from like-kind exchanges from Form 8824					
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					
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					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 of Land	08/01/2004	01/10/2009	7,500	10,000	(2,500)
8 Enter long-term gain or (loss), if any, from Schedule D-1, line 8					
9 Long-term capital gain from installment sales from Form 6252, line 26 or 37					
10 Long-term capital gain (loss) from like-kind exchanges from Form 8824					
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					
12 Capital gain distributions					
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					(2,500)

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

**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 Jakckson 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)	15	Credits
		760,093	
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)	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		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
		(31,075)	
11	Other income (loss)		
12	Section 179 deduction		19 Distributions A1,045,000
13	Other deductions	A 1,650	20 Other information A 7,824
14	Self-employment earnings (loss)	A 739,523	
		C 739,523	

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31/, 20 09

**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 %	0 %
Loss	45 %	0 %
Capital	45 %	0 %

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	\$	0

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)	15	Credits
		310,947	
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)	17	Alternative minimum tax (AMT) items
		(563)	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)	18	Tax-exempt income and nondeductible expenses
		(12,713)	
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		A 675
14	Self-employment earnings (loss)		
			19 Distributions
			20 Other information
			A 3,201

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31/, 20 09

**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	0 %	45 %
Loss	0 %	45 %
Capital	0 %	45 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ **10,569,447**

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)	15	Credits
	310,947		
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)	17	Alternative minimum tax (AMT) items
	(562)		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)	18	Tax-exempt income and nondeductible expenses
	(12,712)		
11	Other income (loss)		
12	Section 179 deduction		A 855,500
13	Other deductions		A 675
14	Self-employment earnings (loss)		A 3,200
19	Distributions		
20	Other information		

*See attached statement for additional information.

For IRS Use Only

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

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

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

Name of partnership

Employer identification number

Eastland Quarries

69-000004

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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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 <input checked="" type="checkbox"/> GAAP	2 <input type="checkbox"/> IFRS	3 <input type="checkbox"/> 704(b)
4 <input type="checkbox"/> Tax-basis	5 <input type="checkbox"/> Other: (Specify) ▶ _____	
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 4 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		

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

	(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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	()			()
16				
17				
18				
19				
20				
21a	37,200			
b				2,300
c				(2,500)
d				37,400
e				
f				
g				
22				
23	37,200			37,200
24	(88,989)	(1,994,497)	12,000	(2,071,486)
25	3,370,798			3,370,798
26	3,319,009	(1,994,497)	12,000	1,336,512

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 5, Analysis of Net Income (Loss), line 1.

Name of partnership

Employer identification number

Eastland Quarries

69-000004

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

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense				
2 State and local deferred income tax expense				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment	24,000		(12,000)	12,000
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs				
9 Guaranteed payments				
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs				
22 Section 198 environmental remediation costs				
23a Depletion—Oil & Gas				
b Depletion—Other than Oil & Gas	0	506,885		506,885
24 Intangible drilling & development costs				
25 Depreciation	64,989	1,487,612		1,552,601
26 Bad debt expense				
27 Interest expense (attach Form 8916-A)				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	88,989	1,994,497	(12,000)	2,071,486

TEST SCENARIO 5**FORMS REQUIRED:**

1065, 4562 (3), 4797, 6252 (2), 8825, 1040 SCH F, 1065 SCH K-1 (4), Form 8453-PE ,
Schedule M-3, 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)

HEADER INFO

Tax Period: Calendar Year 2009

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: 04/15/2010

Preparer: Name: John Doe
SSN: 000-50-0005
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/15/2010
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

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

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning _____, 2009, ending _____, 20_____
▶ See separate instructions.

OMB No. 1545-0099

2009

A Principal business activity Food Manufacture	Use the IRS label. Otherwise, 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 Gross receipts or sales	1a	47,291,088			
	b Less returns and allowances	1b			1c	47,291,088
	2 Cost of goods sold (Schedule A, line 8)				2	21,882,071
	3 Gross profit. Subtract line 2 from line 1c				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 <small>(see the instructions for limitations)</small>	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 Schedule 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.

▶ _____ ▶ _____
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's Use Only

Preparer's signature _____ Date _____
Firm's name (or yours if self-employed), address, and ZIP code ▶ **Electronic Tax Filers Inc**
1065 Efile Drive Anytown, NV 89501
Check if self-employed Preparer's SSN or PTIN **000-50-0005**
EIN ▶ **69-0000098**
Phone no. **555-631-5555**

Schedule A Cost of Goods Sold (see the instructions)

Table with 8 rows and 3 columns: Line number, Description, and Amount. Total amount is 21,882,071.

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...
c Check this box if the LIFO inventory method was adopted...
d Do the rules of section 263A...
e Was there any change in determining quantities, cost, or valuations...

Schedule B Other Information

Table with 2 columns: Question and Yes/No. Questions 1-4 regarding partnership entity type and ownership.

Table with 4 columns: (i) Name of Corporation, (ii) Employer Identification Number, (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...

Table with 5 columns: (i) Name of Entity, (ii) Employer Identification Number, (iii) Type of Entity, (iv) Country of Organization, (v) Maximum Percentage Owned in Profit, Loss, or Capital.

Test Scenario 5

Shoebill Unlimited 69-0000005

Form 1065 (2009)

Page **3**

		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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
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. ▶ _____ 0 _____		

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 ▶ _____	

Form **1065** (2009)

Test Scenario 5

Shoebill Unlimited 69-0000005

Form 1065 (2009)

Page **4**

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	237,979	
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	
	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	
	d	Passive category ▶	e General category ▶	f Other ▶	16f
	g	Interest expense ▶	h Other ▶		16h
	i	Passive category ▶	j General category ▶	k Other ▶	16k
	l	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>		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	
	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	17,762,467
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners			4,440,617			
b	Limited partners		8,881,233		4,440,617		

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(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
7	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		3,987,240
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				
19	Mortgages, notes, bonds payable in 1 year or more		32,908,075		
20	Other liabilities (attach statement)				
21	Partners' capital accounts		17,574,977		34,914,072
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	16,839,095	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 \$				
b	Travel and entertainment \$		8	Add lines 6 and 7	
		923,372	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
5	Add lines 1 through 4	17,762,467			17,762,467

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	16,839,095			
4	Other increases (itemize):		8	Add lines 6 and 7	
			9	Balance at end of year. Subtract line 8 from line 5	34,914,072
5	Add lines 1 through 4	34,914,072			

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Shoebill Unlimited

Business or activity to which this form relates
Dairy Products MFG

Identifying number
69-0000005

Part I Election To Expense Certain Property Under Section 179

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

1	Maximum amount. See the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property	2010-04	9,856	39 yrs.	MM	S/L	253
				MM	S/L	

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form **4562**
 Department of the Treasury
 Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2009

Attachment
 Sequence No. **67**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return Shoebill Unlimited	Business or activity to which this form relates Dairy Products MFG	Identifying number 69-0000005
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Part I Election To Expense Certain Property Under Section 179

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

1 Maximum amount. See the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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		<input type="checkbox"/>

Section B—Assets Placed in Service During 2009 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 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Shoebill Unlimited

Business or activity to which this form relates
Dairy Products MFG

Identifying number
69-0000005

Part I Election To Expense Certain Property Under Section 179

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

1	Maximum amount. See the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form 4797

Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009 Attachment Sequence No. 27

Department of the Treasury Internal Revenue Service (99)

Attach to your tax return. See separate instructions.

Name(s) shown on return

Identifying number

Shoebill Unlimited

69-0000005

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 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)

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss). Rows 2-7 are empty.

3 Gain, if any, from Form 4684, line 43
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
6 Gain, if any, from line 32, from other than casualty or theft.
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:

3
4 237,979
5
6
7 237,979

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)
9 Subtract line 8 from line 7. 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)

8
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
12 Gain, if any, from line 7 or amount from line 8, if applicable
13 Gain, if any, from line 31
14 Net gain or (loss) from Form 4684, lines 35 and 42a
15 Ordinary gain from installment sales from Form 6252, line 25 or 36
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824.
17 Combine lines 10 through 16

11 ()
12
13 150,000
14
15
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 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18a
18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 130861

Form 4797 (2009)

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 F6252	04/30/2008	06/30/2009
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 37. Enter the portion from other than casualty or theft on Form 4797, line 6	32	0

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

Test Scenario 5

Shoebill Unlimited 69-0000005

OMB No. 1545-0228

2009

Attachment Sequence No. 79

Form 6252

Installment Sale Income

Attach to your tax return.

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

Department of the Treasury Internal Revenue Service

Name(s) shown on return

Shoebill Unlimited

Identifying number

69-0000005

- 1 Description of property: Pasteurizer
2a Date acquired: 01/01/1984, Date sold: 06/30/2004
3 Was the property sold to a related party after May 14, 1980? No
4 Was the property you sold to a related party a marketable security? No

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

Table with 18 rows for Part I. Columns include description, line number, and value. Values include 1,000,001 for line 23 and 237,979 for line 24.

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.

Table with 7 rows for Part II. Values include 0.42018 for line 19, 566,365 for line 21, and 237,979 for line 24.

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 during this tax year? No
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met.
30 Selling price of property sold by related party
31 Enter contract price from line 18 for year of first sale
32 Enter the smaller of line 30 or line 31
33 Total payments received by the end of your 2009 tax year
34 Subtract line 33 from line 32
35 Multiply line 34 by the gross profit percentage on line 19
36 Enter the part of line 35 that is ordinary income
37 Subtract line 36 from line 35

Test Scenario 5

Shoebill Unlimited 69-0000005

OMB No. 1545-0228

Form 6252

Installment Sale Income

2009 Attachment Sequence No. 79

Department of the Treasury Internal Revenue Service

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

Name(s) shown on return

Identifying number

Shoebill Unlimited

69-0000005

- 1 Description of property Equipment from Bottling Machine
2a Date acquired (month, day, year) 04/30/2008 b Date sold (month, day, year) 06/30/2009
3 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4.
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.

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

Table with 5 columns: Line number, Description, Sub-column 1, Sub-column 2, Total. Rows 5-18 detailing selling price, mortgages, cost, depreciation, and contract price.

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.

Table with 5 columns: Line number, Description, Sub-column 1, Sub-column 2, Total. Rows 19-26 detailing gross profit percentage, payments received, and installment sale income.

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?
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met.
30 Selling price of property sold by related party (see instructions)
31 Enter contract price from line 18 for year of first sale
32 Enter the smaller of line 30 or line 31
33 Total payments received by the end of your 2009 tax year (see instructions)
34 Subtract line 33 from line 32. If zero or less, enter -0-
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale
36 Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions).

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

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

Name: Sam Starling, LLP Employer identification number: 69 0000001

1 Show the kind and location of each property. See page 2 to list additional properties.

- A Rental
B
C
D

Table with columns: Rental Real Estate Income, Properties (A, B, C, D), and rows for Gross rents, Advertising, Auto and travel, Cleaning and maintenance, Commissions, Insurance, Legal and other professional fees, Interest, Repairs, Taxes, Utilities, Wages and salaries, Depreciation, and Other (list).

16 Total expenses for each property. Add lines 3 through 15. 16 1,031,775

17 Total gross rents. Add gross rents from line 2, columns A through H. 17 1,234,900

18 Total expenses. Add total expenses from line 16, columns A through H. 18 (1,031,775)

19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities. 19

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:

Table with 2 columns: (1) Name, (2) Employer identification number. Includes dotted lines for entry.

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: 21 203,125

1 Show the kind and location of each property.
 E
 F
 G
 H

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

Instructions

Section references are to the Internal Revenue Code.

What's New

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

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

- Before completing this form, be sure to read:
- *Passive Activity Limitations* in the instructions for Form 1065 or Form 1120S, or *Passive Loss Limitation Activities* in the instructions for Form 1065-B, especially for the definition of "rental activity."
 - *Extraterritorial Income Exclusion* in the instructions for Form 1065, 1065-B, or 1120S.

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

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

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

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

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

- Do not** report on Form 8825 any:
- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported elsewhere.
 - Portfolio income or deductions.
 - Section 179 expense deduction.
 - Other items that must be reported separately to the partners or shareholders.
 - Commercial revitalization deductions.

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

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

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

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

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

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

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

SCHEDULE C (Form 1065)

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury Internal Revenue Service

Attach to Form 1065. See separate instructions.

Name of partnership

Employer identification number

Shoebill Unlimited

69-0000005

- 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?

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Cat. No. 49945S

Schedule C (Form 1065) 2009

SCHEDULE F (Form 1040)

Profit or Loss From Farming

OMB No. 1545-0074

2009

Attachment Sequence No. 14

Department of the Treasury Internal Revenue Service (99)

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

See Instructions for Schedule F (Form 1040).

Name of proprietor: Browns Cows; Social security number (SSN); Principal product: Dairy Cattle; Accounting method: (1) Cash; Did you materially participate: Yes.

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 11.) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Report these sales on Form 4797.

Table with 11 rows for Farm Income. Line 1: 135,960; Line 2: 65,230; Line 3: 70,730; Line 4: 2,630,180; Line 5a: 11,450; Line 6a: 67,810; Line 7a: 6,650; Line 9: 12,580; Line 10: 1,420; Line 11: 2,800,820.

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, or repairs on your home.

Table with 24 rows for Farm Expenses. Line 12: 49,690; Line 14: 67,810; Line 15: 80,550; Line 16: 338,370; Line 18: 508,140; Line 19: 65,440; Line 20: 37,130; Line 21: 62,160; Line 22: 33,620; Line 23a: 31,750; Line 23b: 77,380; Line 24: 263,680; Line 25: 96,600; Line 26b: 135,040; Line 27: 58,750; Line 28: 11,680; Line 29: 74,330; Line 30: 32,010; Line 31: 55,040; Line 32: 85,080.

Lines 35-37: Total expenses (2,164,250), Net farm profit or (loss) (636,570), and investment risk selection (37a, 37b).

Part III Farm Income—Accrual Method (see page F-7).

Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Report these sales on Form 4797 and do not include this livestock on line 46 below.

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

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

Part IV Principal Agricultural Activity Codes



File Schedule C (Form 1040) or Schedule C-EZ (Form 1040) instead of Schedule F if (a) your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or (b) you are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

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

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

Crop Production

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming

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

Animal Production

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Aquaculture
- 112900 Other animal production

Forestry and Logging

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

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31/, 20 09

**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) . . . \$ **4,209,774**

Withdrawals & distributions . . . \$ (_____)

Ending capital account \$ **8,728,518**

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)	15	Credits
	3,043,345		
2	Net rental real estate income (loss)		
	257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	442,901		
5	Interest income		
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
			A 200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	59,495		
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
	A 3,300,721		
	C 3,300,721		
19	Distributions		
20	Other information		A 442,901

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01/, 2009
ending 12/31/, 20 09

**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)	\$	4,209,774
Withdrawals & distributions	\$	()
Ending capital account	\$	8,728,518

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)	15	Credits
		3,043,345	
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
			A200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
		59,495	
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
19	Distributions		
20	Other information		A 442,901

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01/, 2009
ending 12/31, 20 09

**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)	\$	4,209,774
Withdrawals & distributions	\$	(_____)
Ending capital account	\$	8,728,518

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)	15	Credits
	3,043,345		
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
			A 200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	59,495		
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
		20	Other information
			A 442,901

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

**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 Turman 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)	\$	4,209,774
Withdrawals & distributions	\$	()
Ending capital account	\$	8,728,518

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)	15	Credits
		3,043,345	
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
			A 200,00
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
		59,495	
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
			19 Distributions
			20 Other information
			A 442,901

*See attached statement for additional information.

For IRS Use Only

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

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

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

Name of partnership Shoebill Unlimited	Employer identification number 69-0000005
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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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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	16,839,095
b Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP	2 <input type="checkbox"/> IFRS	3 <input type="checkbox"/> 704(b)
4 <input type="checkbox"/> Tax-basis	5 <input type="checkbox"/> Other: (Specify) ▶ _____	
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 4 through 10	11	16,839,095

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		

Name of partnership Shoebill Unlimited	Employer identification number 69-0000005
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Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return

	(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				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				150,000
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	173,712			173,712
24 Total expense/deduction items. (from Part III, line 30) (see instructions)	(1,846,744)		923,372	(923,372)
25 Other items with no differences	18,512,127			18,512,127
26 Reconciliation totals. Combine lines 23 through 25	16,839,095		923,372	17,762,467

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 5, Analysis of Net Income (Loss), line 1.

Name of partnership Shoebill Unlimited	Employer identification number 69-0000005
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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 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	1,846,744		(923,372)	923,372

TEST SCENARIO 6**FORMS REQUIRED:** 1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B, DEPENDENCIES**ATTACHMENTS:**Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule Balance
Sheets Discrepancy Statement Schedule L
Other Current Assets Statement**BINARY ATTACHMENTS:** Scanned Form 8453-B (8453 Signature Document)**HEADER INFO:****Tax Period:** Calendar Year 2009**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: 04/01/2010**Preparer:** Name: Jane Doe
SSN: 000-60-0006
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/10/2010
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 1065-B, Page 2, Schedule A, Line 5 (Inventoriable Costs Paid Schedule)

Type	Amount
Other Costs	\$576,000

Attachment 3, Form 1065-B, Page 5, Schedule L (Balance Sheets Discrepancy Statement)

Describe Allocation of Depletion Expense
--

Attachment 4, 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

Test Scenario 6

ABC Oil and Gas, LP 69-0000006

Form 1065-B

U.S. Return of Income for Electing Large Partnerships

OMB No. 1545-1626

Department of the Treasury Internal Revenue Service

For calendar year 2009, or tax year beginning 2009, and ending 2009, and ending 2009. See separate instructions.

2009

Table with 4 columns: A Principal business activity (MINING), B Principal product or service (OIL & GAS), C Business code no. (211110), D Employer identification number (69-0000006), E Date business started (11/08/1999), F Total assets (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: 2.
J Check if Schedule M-3 (Form 1065) is attached.

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Main table with 11 columns: Line number, Description, Sub-column (a, b, c), and Total. Rows include Gross receipts (2,512,000), Deductions (599,085), and Total taxable income (1,336,915).

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.

Preparer's information section including signature, date, firm name (ELECTRONIC TAX FILERS INC), EIN (69-0000098), and phone number ((555) 631-555).

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 A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	576,000
6	Total. Add lines 1 through 5	6	576,000
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	576,000

- 9a Check all methods used for valuing closing inventory:
- (i) Cost as described in Regulations section 1.471-3
 - (ii) Lower of cost or market as described in Regulations section 1.471-4
 - (iii) Other (specify method used and attach explanation) ▶
- b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶
- 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 (see instructions)

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input checked="" type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ▶		
2 Are any partners in this partnership also partnerships?		X
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		X
4 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		X
5 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
6 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7 At any time during calendar year 2009, 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. ▶		X
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		X
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	2,500
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	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 Note. When figuring whether line 14 or line 17 is smaller , treat both numbers as positive.	18	

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	668,458
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 <input type="checkbox"/> Accrued <input type="checkbox"/>			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

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		565,010		855,185
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		1,910,111
7 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		3,375,112	
b Less accumulated depletion	375,140	2,765,120	523,320	2,851,792
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 All nonrecourse loans		2,254,137		1,205,380
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Partners' capital accounts		2,476,125		4,206,342
22 Total liabilities and capital		5,200,850		5,617,088

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		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		a Depreciation \$	74,212
a Depreciation \$			
b Travel and entertainment \$	57,140	8 Add lines 6 and 7	74,212
5 Add lines 1 through 4	57,140	9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	1,339,965
	1,414,177		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	2,476,125	6 Distributions:	
2 Capital contributed:		a Cash	
a Cash	373,180	b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	1,357,037	8 Add lines 6 and 7	0
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	4,206,342
5 Add lines 1 through 4	4,206,342		

Form 4797

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009
Attachment
Sequence No. 27

Department of the Treasury
Internal Revenue Service (99)

Attach to your tax return. See separate instructions.

Name(s) shown on return

Identifying number

ABC OIL AND GAS LP

69-0000006

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 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)

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss). Row 1: LAND, 07/01/2000, 06/30/2009, 12,500, 10,000, 2,500.

3 Gain, if any, from Form 4684, line 43
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
6 Gain, if any, from line 32, from other than casualty or theft.
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 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)
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)

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):

Table for Part II, line 10: Ordinary gains and losses not included on lines 11 through 16.

11 Loss, if any, from line 7
12 Gain, if any, from line 7 or amount from line 8, if applicable
13 Gain, if any, from line 31
14 Net gain or (loss) from Form 4684, lines 35 and 42a
15 Ordinary gain from installment sales from Form 6252, line 25 or 36
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824.
17 Combine lines 10 through 16

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 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18a

18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 130861

Form 4797 (2009)

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 37. 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	

Test Scenario 6

ABC Oil and Gas, LP 69-0000006

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001		1 Taxable income (loss) from passive activities 668,457	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy C For Electing Large Partnership For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
PARTNERSHIP'S Employer I.D. number 69-0000006 PARTNER'S identifying number 000-50-0001		2 Taxable income (loss) from other activities 275	3 Qualified dividends	
PARTNER'S name JONATHAN WALKER		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities 1,250	
Street address (including apt. no.) 1657 E FORKS RD		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code BAY SHORE, NY 11706		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 602,690 b Qualified nonrecourse financing \$ _____ c Other \$ _____		9 Other J1 668,458 J2 668,458		

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

Test Scenario 6

ABC Oil and Gas, LP 69-0000006

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001		1 Taxable income (loss) from passive activities 668,458	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C</p> <p>For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 69-0000006 PARTNER'S identifying number 000-50-0002		2 Taxable income (loss) from other activities 275	3 Qualified dividends	
PARTNER'S name JULIUS CAESAR WALKER		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities 1,250	
Street address (including apt. no.) 1657 E FORKS RD		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code BAY SHORE, NY 11706		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 602,690 b Qualified nonrecourse financing \$ _____ c Other \$ _____		9 Other J1 668,458 J2 668,458		

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

TEST SCENARIO 7

FORMS REQUIRED: 1065-B, 4562 (2), 8825, Schedule K-1(F1065B) (2), Form 8453-B, DEPENDENCIES, Schedule M-3, Schedule C

ATTACHMENTS:

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

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

HEADER INFO:

Tax Period: Calendar Year 2009

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: 04/06/2010

Preparer: **Name: Jane Jones**
SSN: 000-70-0007
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/12/2010
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
Other	\$544,700

Attachment 2, Schedule K-1 (Form 1065-B), (Qualified Nonrecourse Financing Statement)

Code Number	Code Name	Amount
A1	General Partners	\$34,770,193
B1	N/A	\$242,500

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

Explanation of Qualified Nonrecourse Financing
--

Form **1065-B**

U.S. Return of Income for Electing Large Partnerships

OMB No. 1545-1626

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax year beginning _____, 2009, and ending _____, 20____.

2009

▶ See separate instructions.

A Principal business activity CEMENT MANUFACTURING	Use the IRS label. Otherwise, print or type.	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, MN 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 ▶ 2
- 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 (Schedule A, line 8)			2	26,954,578
	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 Schedule 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 <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611			26	
	27 Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> 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's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-70-0007
	Firm's name (or yours if self-employed), address, and ZIP code ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, WV 25001	EIN 69-0000098	Phone no. (555) 631-5555	

Part II Taxable Income or Loss From Other Activities

Table with 13 rows for Part II. Line 1: Interest 37,412. Line 6: Total income (loss) 37,412. Line 13: Taxable income (loss) from other activities 37,412.

Schedule A Cost of Goods Sold (see instructions)

Table with 8 rows for Schedule A. Line 1: Inventory at beginning of year 3,211,146. Line 6: Total 29,770,992. Line 8: Cost of goods sold 26,954,578.

- 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... c Check this box if the LIFO inventory method was adopted... d Do the rules of section 263A... e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

Schedule B Other Information (see instructions)

Table with 9 rows for Schedule B. Line 1: What type of entity is filing this return? Line 2: Are any partners in this partnership also partnerships? Line 3: During the partnership's tax year, did the partnership own any interest in another partnership... Line 4: Does this partnership have any foreign partners? Line 5: Is this partnership a publicly traded partnership... Line 6: Has this partnership filed, or is it required to file, Form 8918... Line 7: At any time during calendar year 2009, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country... Line 8: During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust... Line 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 Note. When figuring whether line 14 or line 17 is smaller , treat both numbers as positive.	18	

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 <input type="checkbox"/> Accrued <input type="checkbox"/>	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)
a	General partners	3,738,399	
b	Limited partners		3,738,399
	(iv) Partnership		(v) Exempt organization
			(vi) Nominee/Other

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
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)				
7 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 All nonrecourse loans		12,000,000		6,000,000
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Partners' capital accounts		2,157,612		11,407,612
22 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	7,250,000	6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		a Depreciation \$	
a Depreciation \$	163,450	8 Add lines 6 and 7	
b Travel and entertainment \$	63,348	9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	7,476,798
5 Add lines 1 through 4	7,476,798		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	2,157,612	6 Distributions:	
2 Capital contributed:		a Cash	
a Cash	2,000,000	b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	7,250,000	8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	11,407,612
5 Add lines 1 through 4	11,407,612		

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

2009

Department of the Treasury Internal Revenue Service (99)

See separate instructions.

Attach to your tax return.

Attachment Sequence No. 67

Name(s) shown on return

ABC CEMENT MANUFACTURING

Business or activity to which this form relates

CEMENT MANUFACTURING

Identifying number

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.

Table with 5 main rows for Section 179 election. Line 1: \$250,000; Line 2: 80,500; Line 3: \$800,000; Line 4: (blank); Line 5: 125,000. Includes sub-table for 'DUMP TRUCK' with lines 6-13.

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.)

Table with 3 rows for Part II. Line 14: (blank); Line 15: (blank); Line 16: (blank).

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

Section A

Table with 2 rows for Section A. Line 17: 280,063; Line 18: (blank).

Section B—Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification, (b) Month and year, (c) Basis, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 3-year, 5-year, 7-year, 10-year, 15-year, 20-year, 25-year, Residential rental, and Nonresidential real property.

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

Table with 7 columns: (a) Class life, (b) 12-year, (c) 40-year, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include Class life, 12-year, and 40-year.

Part IV Summary (See instructions.)

Table with 3 rows for Part IV. Line 21: (blank); Line 22: 421,217; Line 23: (blank).

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

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.

Table with 6 columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Includes rows 30-36 with Yes/No sub-columns.

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).

Table with 2 columns: Yes, No. Includes rows 37-41.

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

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.

Depreciation and Amortization
(Including Information on Listed Property)

See separate instructions.

Attach to your tax return.

Name(s) shown on return

ABC CEMENT MANUFACTURING

Business or activity to which this form relates

CEMENT MANUFACTURING

Identifying number

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.

Table with 5 columns: Line number, Description, Amount, and other details. Includes lines 1-13 for Section 179 election.

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.)

Table with 3 columns: Line number, Description, and Amount. Includes lines 14-16 for special depreciation.

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

Section A

Table with 3 columns: Line number, Description, and Amount. Includes lines 17-18 for MACRS deductions.

Section B—Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction.

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

Table with 7 columns: (a) Class life, (b) Recovery period, (c) Convention, (d) Method, (e) Depreciation deduction.

Part IV Summary (See instructions.)

Table with 3 columns: Line number, Description, and Amount. Includes lines 21-23 for summary.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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? 24b If "Yes," is the evidence written?

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

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.

Table with 6 columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Includes rows 30-36 with Yes/No sub-columns.

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).

Table with 2 columns: Yes, No. Includes rows 37-41.

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

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.

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

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

OMB No. 1545-1186

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

Name: ABC CEMENT MANUFACTURING Employer identification number: 69-0000007

- 1 Show the kind and location of each property. See page 2 to list additional properties. A WAREHOUSE 200 METAMORPHIC RD, ANYTOWN, MN 55001 B C D

Table with columns for Properties (A, B, C, D) and rows for Rental Real Estate Income (Gross rents) and Rental Real Estate Expenses (Advertising, Auto and travel, Cleaning and maintenance, Commissions, Insurance, Legal and other professional fees, Interest, Repairs, Taxes, Utilities, Wages and salaries, Depreciation, Other (list)).

Summary rows: 16 Total expenses for each property (130,000), 17 Total gross rents (615,000), 18 Total expenses (130,000), 19 Net gain (loss) from Form 4797, Part II, line 17.

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 (485,000). 20b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a.

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: Form 1065 or 1120S: Schedule K, line 2, or Form 1065-B: Part I, line 4 (485,000)

1 Show the kind and location of each property.
 E
 F
 G
 H

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

Instructions

Section references are to the Internal Revenue Code.

What's New

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

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

Before completing this form, be sure to read:

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

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

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

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

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

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

Do not report on Form 8825 any:

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

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

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

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

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

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

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

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

Department of the Treasury Internal Revenue Service

▶ Attach to Form 1065. See separate instructions.

Name of partnership

Employer identification number

ABC Cement Manufacturing

69-0000007

- 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?

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Cat. No. 49945S

Schedule C (Form 1065) 2009

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC CEMENT MANUFACTURING 100 CONCRETE LN ANYTOWN, MN 55001		1 Taxable income (loss) from passive activities 3,719,693	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C</p> <p>For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 69-0000007		PARTNER'S identifying number 000-60-0002	2 Taxable income (loss) from other activities 18,706	
PARTNER'S name JOHN CAPULET		3 Qualified dividends	4a Net capital gain (loss) from passive activities	
Street address (including apt. no.) 1175 BEECH ST		4b Net capital gain (loss) from other activities	5 Net passive AMT adjustment	
City, state, and ZIP code CENTRAL ISLIP, NY 11722		6 Net other AMT adjustment	7 General credits	
Partner's share of liabilities:		8 Low-income housing credit	9 Other	
a Nonrecourse \$ b Qualified nonrecourse financing \$ 3,000,000 c Other \$				

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC CEMENT MANUFACTURING 100 CONCRETE LN ANYTOWN, MN 55001		1 Taxable income (loss) from passive activities 3,719,693	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 69-0000007		PARTNER'S identifying number 000-60-0001	2 Taxable income (loss) from other activities 18,706	
PARTNER'S name JOHN MACBETH		3 Qualified dividends	4a Net capital gain (loss) from passive activities	
Street address (including apt. no.) 1168 BEECH ST		4b Net capital gain (loss) from other activities	5 Net passive AMT adjustment	
City, state, and ZIP code CENTRAL ISLIP, NY 11722		6 Net other AMT adjustment	7 General credits	
Partner's share of liabilities:		8 Low-income housing credit	9 Other J1 3,719,693 J2 3,719,693	
a Nonrecourse \$ b Qualified nonrecourse financing \$ 3,000,000 c Other \$				

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

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

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

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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 <input checked="" type="checkbox"/> GAAP	2 <input type="checkbox"/> IFRS	3 <input type="checkbox"/> 704(b)
4 <input type="checkbox"/> Tax-basis	5 <input type="checkbox"/> Other: (Specify) ▶	
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 4 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		

Test Scenario 7

ABC Cement Manufacturing 69-0000007

Schedule M-3 (Form 1065) 2009

Name of partnership

Employer identification number

ABC Cement Manufacturing

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 30) (see instructions)	(737,801)	163,450	63,348	(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, page 5, Analysis of Net Income (Loss), line 1.

Name of partnership

Employer identification number

ABC Cement Manufacturing

69-0000007

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

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense				
2 State and local deferred income tax expense				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment	126,696		(63,348)	63,348
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs				
9 Guaranteed payments				
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs				
22 Section 198 environmental remediation costs				
23a Depletion—Oil & Gas				
b Depletion—Other than Oil & Gas				
24 Intangible drilling & development costs				
25 Depreciation				
26 Bad debt expense	611,105	(163,450)		447,655
27 Interest expense (attach Form 8916-A)				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	737,801	(163,450)	(63,348)	511,003

TEST SCENARIO 8

FORMS REQUIRED: 1065-B, 8308, Schedule K-1(F1065B) (75),
Schedule M-3, Schedule C

ATTACHMENTS: Itemized Other Deductions Schedule

BINARY ATTACHMENTS: None

HEADER INFO:

Tax Period: Calendar Year 2009

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 25001

Partner: **Name: Bubba Christmas**
Title: Chief Executive Officer
Taxpayer PIN: N/A
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 03/15/2010

Preparer: **Name: John Dark**
SSN: 000-80-0008
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2010
Self Employed: No

IRS PAYMENT: **N/A**

Details for attachments to Form

Attachement 1, Form 1065B, Page 1 Line 23 (Itemized Other Deduction Schedule)

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

Form **1065-B**

U.S. Return of Income for Electing Large Partnerships

OMB No. 1545-1626

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax year beginning _____, 2009, and ending _____, 20____.

2009

▶ See separate instructions.

A Principal business activity MINING	Use the IRS label. Otherwise, print or type.	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, WV 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 ▶ **75**
- 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		b Less returns and allowances		c Bal ▶	1c	101,256,342
	2 Cost of goods sold (Schedule A, line 8)					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	2,612,540
	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 Schedule A and elsewhere on return	19b				19c	
	20 Depletion					20	3,750,225
	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 <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611					26	
	27 Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> 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's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-80-0008
	Firm's name (or yours if self-employed), address, and ZIP code ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, WV 25001	EIN 69-0000098	Phone no. (555) 631-1212	

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 A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	5,650,225
2	Purchases less cost of items withdrawn for personal use	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 page 1, line 2	8	58,332,511

- 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 (see instructions)

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ▶		
2 Are any partners in this partnership also partnerships?		X
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		X
4 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		X
5 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
6 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7 At any time during calendar year 2009, 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. ▶		X
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		X
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 Note. When figuring whether line 14 or line 17 is smaller , treat both numbers as positive.	18	

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 <input type="checkbox"/> Accrued <input type="checkbox"/>	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

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
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)				
7 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 All nonrecourse loans		10,376,658		5,263,460
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Partners' capital accounts		5,650,000		13,066,540
22 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	12,416,540	6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize): _____		a Tax-exempt interest \$ _____	
3 Guaranteed payments		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		a Depreciation \$ _____	
a Depreciation \$ _____		8 Add lines 6 and 7	
b Travel and entertainment \$ _____		9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	13,402,160
5 Add lines 1 through 4	985,620		
	13,402,160		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	5,650,000	6 Distributions: a Cash	5,000,000
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize): _____	
3 Net income (loss) per books	12,416,540	8 Add lines 6 and 7	5,000,000
4 Other increases (itemize): _____		9 Balance at end of year. Subtract line 8 from line 5	13,066,540
5 Add lines 1 through 4	18,066,540		

Form **8308**

Report of a Sale or Exchange of Certain Partnership Interests

OMB No. 1545-0941

(Rev. October 2005)

Department of the Treasury
Internal Revenue Service

▶ Please print or type.

Name of partnership BLACK COAL INDUSTRIES	Telephone number (555) 555-5555	Employer identification number 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 BRONCO JUNO	Identifying number 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 BUBBA CHRISTMAS	Identifying number 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.

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

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

Instructions to Transferors

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

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

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

Instructions to Partnerships

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

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

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

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

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

- Franchises, trademarks, or trade names (section 1253(a)).
- Oil, gas, or geothermal property (section 1254).
- Stock of a controlled foreign corporation (section 1248).
- Section 1245 property.
- Section 1245 recovery property.
- Section 1250 property.
- Market discount bonds (section 1278).
- Short-term governmental obligations (section 1283).
- Other short-term obligations (section 1283(c)).

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

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

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

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

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

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

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

For more details, see sections 6721 and 6724.

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

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

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

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 2 hr., 23 min.
- Learning about the law or the form** 2 hr., 23 min.
- Preparing and sending the form to the IRS** 2 hr., 32 min.

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

SCHEDULE C (Form 1065)

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury Internal Revenue Service

Attach to Form 1065. See separate instructions.

Name of partnership

Black Coal Industries, LLC

Employer identification number

69-0000008

- 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? Yes No
- 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? Yes No
- 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)? Yes No
- 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)? Yes No
- 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 Yes No
- 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? Yes No

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

Cat. No. 49945S

Schedule C (Form 1065) 2009

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 100 MAIN ST ANYTOWN, WV 25001		1 Taxable income (loss) from passive activities 114,748	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C</p> <p>For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 69-0000008 PARTNER'S identifying number 000-70-1001		2 Taxable income (loss) from other activities 19,273	3 Qualified dividends	
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	
City, state, and ZIP code ANYTOWN, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities:		9 Other		
a Nonrecourse \$ 52,635 b Qualified nonrecourse financing \$ _____ c Other \$ _____				

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 100 MAIN ST ANYTOWN, WV 25001		1 Taxable income (loss) from passive activities 57,374	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C</p> <p>For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 69-0000008 PARTNER'S identifying number 000-70-1001		2 Taxable income (loss) from other activities 9,637	3 Qualified dividends	
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	
City, state, and ZIP code ANYTOWN, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities:		9 Other		
a Nonrecourse \$ 26,318 b Qualified nonrecourse financing \$ _____ c Other \$ _____				

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 100 MAIN ST ANYTOWN, WV 25001		1 Taxable income (loss) from passive activities 57,374	OMB No. 1545-1626 2009 Schedule K-1 (Form 1065-B)	<p>Partner's Share of Income (Loss) From an Electing Large Partnership</p> <p>Copy C</p> <p>For Electing Large Partnership</p> <p>For Paperwork Reduction Act Notice and instructions for completing this form, see the 2009 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.</p>
PARTNERSHIP'S Employer I.D. number 69-0000008 PARTNER'S identifying number 000-70-0002		2 Taxable income (loss) from other activities 9,636	3 Qualified dividends	
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	
City, state, and ZIP code ANYTOWN, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 26,318 b Qualified nonrecourse financing \$ _____ c Other \$ _____		9 Other		

Schedule K-1 (Form 1065-B)

Department of the Treasury - Internal Revenue Service

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

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

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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 <input checked="" type="checkbox"/> GAAP	2 <input type="checkbox"/> IFRS	3 <input type="checkbox"/> 704(b)
4 <input type="checkbox"/> Tax-basis	5 <input type="checkbox"/> Other: (Specify) ▶	
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 4 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		

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 30) (see instructions)	(1,971,240)		985,620	(985,620)
25 Other items with no differences	14,387,780			14,387,780
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, page 5, Analysis of Net Income (Loss), line 1.

Name of partnership Black Coal Industries, LLC	Employer identification number 69-0000008
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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	1,971,240		(985,620)	985,620
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 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	1,971,240		(985,620)	985,620

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, Line 1)

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

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

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

FORMS REQUIRED:

1065, 4562 (2), 4797, 8825, 8844, 8882, Schedule K-1(F1065B) (101), 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
Ordinary Business Income (Loss) Statement (see above)

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

HEADER INFO:

Tax Period: Calendar Year 2009

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: 04/01/2010

Preparer: Name: Jesse James
SSN: 000-10-0001
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/01/2010
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

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

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning _____, 2009, ending _____, 20_____
▶ See separate instructions.

OMB No. 1545-0099

2009

A Principal business activity Legal Services	Use the IRS label. Otherwise, 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	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 Gross receipts or sales	1a	323,455,613			
	b Less returns and allowances	1b			1c	323,455,613
	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	
	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 <small>(see the instructions for limitations)</small>	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 Schedule 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.

▶ _____ ▶
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's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-10-0001
Firm's name (or yours if self-employed), address, and ZIP code	ELECTRONIC TAX FILERS INC 1065 EFILE DRIVE, ANYTOWN, NV 89501		EIN ▶ 69-0000098
			Phone no. 555-631-1212

Schedule A Cost of Goods Sold (see the instructions)

Table with 8 rows and 3 columns. Rows include: 1 Inventory at beginning of year, 2 Purchases less cost of items withdrawn for personal use, 3 Cost of labor, 4 Additional section 263A costs, 5 Other costs, 6 Total. Add lines 1 through 5, 7 Inventory at end of year, 8 Cost of goods sold.

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...
c Check this box if the LIFO inventory method was adopted...
d Do the rules of section 263A...
e Was there any change in determining quantities, cost, or valuations...

Schedule B Other Information

Table with 2 columns: Yes, No. Rows include: 1 What type of entity is filing this return? (a-f), 2 At any time during the tax year, was any partner... a disregarded entity..., 3 At the end of the tax year: a Did any foreign or domestic corporation..., b Did any individual or estate own..., 4 At the end of the tax year, did the partnership: a Own directly 20% or more...

Table with 4 columns: (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...

Table with 5 columns: (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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
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. ▶ _____ 0 _____		

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	
	d	Passive category ▶ e General category ▶ f Other ▶	16f	
	g	Interest expense ▶ h Other ▶	16h	
	i	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	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						
			48,586,307	55,065,902			

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(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)				
7	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		6,183,000
18	All nonrecourse loans		11,000,000		11,000,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		44,888,917		91,184,919
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	121,435,397	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)	22,675,031	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 \$	41,233,347
a	Depreciation \$				
b	Travel and entertainment \$	775,128	8	Add lines 6 and 7	41,233,347
		775,128	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	103,652,209
5	Add lines 1 through 4	144,885,556			

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
			9	Balance at end of year. Subtract line 8 from line 5	91,184,004
5	Add lines 1 through 4	166,324,314			

Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2009

Attachment
Sequence No. **67**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Sam Starling, LLP

Business or activity to which this form relates
Legal Services

Identifying number
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 the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
		1,425,000	39	MM	S/L	35,069

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form **4562**
 Department of the Treasury
 Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2009

Attachment
 Sequence No. **67**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return
Sam Starling, LLP

Business or activity to which this form relates
Rental

Identifying number
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 the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form **4797**

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009
Attachment
Sequence No. **27**

Department of the Treasury
Internal Revenue Service (99)

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

Name(s) shown on return

Identifying number

Sam Starling, LLP

69-0000001

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 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 43 **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 35 and 42a **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 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions **18a**

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

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

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
A	Furniture and Fixtures	10/01/2008	01/19/2009		
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 37. 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	

Form **8825**

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

OMB No. 1545-1186

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

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

Name: Sam Starling, LLP Employer identification number: 69 0000001

1 Show the kind and location of each property. See page 2 to list additional properties.

- A Rental
B
C
D

Table with columns for Properties (A, B, C, D) and rows for Rental Real Estate Income (Gross rents) and Rental Real Estate Expenses (Advertising, Auto and travel, etc.).

Summary table with rows 17-21. Row 17: Total gross rents 1,234,900. Row 18: Total expenses (1,031,775). Row 19: Net gain (loss). Row 20a: Net income (loss) 203,125. Row 21: Net rental real estate income (loss) 203,125.

1 Show the kind and location of each property.
 E
 F
 G
 H

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

Instructions

Section references are to the Internal Revenue Code.

What's New

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

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

Before completing this form, be sure to read:

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

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

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

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

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

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

Do not report on Form 8825 any:

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

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

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

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

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

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

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

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

Form **8844**
 Department of the Treasury
 Internal Revenue Service

**Empowerment Zone and Renewal
 Community Employment Credit**

OMB No. 1545-1444

2009

Attachment
 Sequence No. **99**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Sam Starling, LLP

69-0000001

1	Enter the total qualified wages paid or incurred during calendar year 2009 only (see instructions)		
a	Qualified empowerment zone wages \$ <u>200,000</u> X 20% (.20)	1a	40,000
b	Qualified renewal community wages \$ _____ X 15% (.15)	1b	
2	Add lines 1a and 1b. See instructions for the adjustment you must make to salaries and wages	2	40,000
3	Employment zone and renewable community employment credit from partnerships, S corporations, cooperatives, estates, and trusts	3	
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go to line 5	4	40,000
5	Empowerment zone and renewal community employment credit included on line 4 from passive activities (see instructions)	5	
6	Subtract line 5 from line 4	6	40,000
7	Passive activity credit allowed for 2009 (see instructions)	7	
8	Carryforward of empowerment zone and renewal community employment credit to 2009	8	
9	Carryback of empowerment zone and renewal community employment credit from 2010 (see instructions)	9	
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, report this amount on Form 3800, line 24	10	40,000
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions)	11	
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Report this amount on Form 3800, line 24	12	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 16145S

Form **8844** (2009)

**Credit for Employer-Provided Childcare
Facilities and Services**

▶ Attach to your tax return.

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	35,600
6	Add lines 2, 4, and 5	6	35,600
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	35,600
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.

- If the facility is the principal trade or business of the taxpayer, at least 30% of the enrollees of the facility must be dependents of employees of the taxpayer.
- The use of the facility (or the eligibility to use the facility) must not discriminate in favor of highly compensated employees.

Qualified childcare resource and referral expenditures are amounts paid or incurred under a contract to provide childcare resource and referral services to employees of the taxpayer. The provision of the services (or the eligibility to use the services) must not discriminate in favor of highly compensated employees.

No Double Benefit Allowed

You must reduce:

- The basis of any qualified childcare facility by the amount of the credit on line 7 allocable to capital expenditures related to the facility,
- Any otherwise allowable deductions used to figure the credit by the amount of the credit on line 7 allocable to those deductions, and
- Any expenditures used to figure any other credit by the amount of the credit on line 7 allocable to those expenditures (for purposes of figuring the other credit).

Note. For credits entered on line 5, only the pass-through entity is required to make this reduction.

Recapture of Credit

You may have to recapture part or all of the credit if, before the 10th tax year after the tax year in which your qualified childcare facility is placed in service, the facility ceases to operate as a qualified childcare facility or there is a change in ownership of the facility. However, a change in ownership will not require recapture if the person acquiring the interest in the facility agrees, in writing, to assume the recapture liability. See section 45F(d) for details.

Any recapture tax is reported on the line of your tax return where other recapture taxes are reported (or, if no such line, on the "total tax" line). The recapture tax may not be used in figuring the amount of any credit or in figuring the alternative minimum tax.

Member of Controlled Group or Business Under Common Control

For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit for lines 2 and 4 as follows:

- Compute your credit for line 2 based on your proportionate share of qualified childcare facility expenditures giving rise to the group's credit for line 2. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 2.
- Compute your credit for line 4 based on your proportionate share of qualified resource and referral expenditures giving rise to the group's credit for line 4. Enter your share of the credit on line 4. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 4.

Specific Instructions

Line 8

Estates and trusts. Allocate the credit for employer-provided childcare facilities and services on line 7 between the estate or trust and the beneficiaries in the same proportion as income was allocated, and enter the beneficiaries' share on line 8.

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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping	2 hr., 37 min.
Learning about the law or the form	30 min.
Preparing and sending the form to the IRS	34 min.

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

**SCHEDULE C
(Form 1065)**

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

Name of partnership

Sam Sterling 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?		✓

Test Scenario 9 - K-1 Aggregators

Sam Starling, LLP 69-0000009

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

Schedule K-1 (Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning _____, 2009
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
PO 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	.5 %	.5 %
Loss	.5 %	.5 %
Capital	.5 %	.5 %

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)	15	Credits	L 200
		403,407		
2	Net rental real estate income (loss)			P 178
		1,016		
3	Other net rental income (loss)	16	Foreign transactions	
4	Guaranteed payments			
5	Interest income			463
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	A 997
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 3,876
12	Section 179 deduction			A 375,702
13	Other deductions			
14	Self-employment earnings (loss)			
			19	Distributions
				A 463
			20	Other information

*See attached statement for additional information.

For IRS Use Only

Test Scenario 9 - K-1 Aggregators

Sam Starling, LLP 69-0000009

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

Schedule K-1 (Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

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)	15	Credits	L 16,000
				32,272,560
2	Net rental real estate income (loss)			P 14,240
				81,248
3	Other net rental income (loss)	16	Foreign transactions	
4	Guaranteed payments			22,675,031
5	Interest income			37,000
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	A 79,782
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 310,052
12	Section 179 deduction			A 30,056,124
13	Other deductions			
14	Self-employment earnings (loss)			A 55,024,842
				C 55,024,842
19	Distributions			
20	Other information			A 37,060

*See attached statement for additional information.

For IRS Use Only

Test Scenario 9 - K-1 Aggregators

Sam Starling, LLP 69-0000009

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

Schedule K-1 (Form 1065)

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning _____, 2009
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 Jonhs, NFLD
Canada, A1C5N5

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)	15	Credits	L 4,000
				8,068,140
2	Net rental real estate income (loss)			P 3,560
				20,312
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	A 19,946
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 77,513
12	Section 179 deduction			A 7,514,031
13	Other deductions			
14	Self-employment earnings (loss)			
			19 Distributions	
				A 9,265
			20 Other information	

*See attached statement for additional information.

For IRS Use Only

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

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

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

Name of partnership

Sam Sterling 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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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	121,435,917
b Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP	2 <input type="checkbox"/> IFRS	3 <input type="checkbox"/> 704(b)
4 <input type="checkbox"/> Tax-basis	5 <input type="checkbox"/> Other: (Specify) ▶	
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 4 through 10	11	121,435,917

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		

Test Scenario 9 - K-1 Aggregators

Name of partnership

Sam Sterling, 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 30) (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, page 5, Analysis of Net Income (Loss), line 1.

Name of partnership

Sam Sterling, 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 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	12,959,862	(4,116,715)	21,899,903	30,743,050

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 101 K-1's.

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

Create the other 98 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-20-0099)
- The partner's name will increase by 1 (Taxpayer B1 Taxpayer B2 Taxpayer B3 through Taxpayer B99)
- Use the same address as Taxpayer B1
- The 98 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer B1

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

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

Taxpayer B1 through Taxpayer B99	
Mai Tai Investments	38
Cancellation of Debt	2
Services Fees	1,500

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

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

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

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

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 4, Form 1065 (Publicly Traded Partnership)

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

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	Mai Tai 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

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

U.S. Return of Partnership Income
For calendar year 2009, or tax year beginning _____, 2009, ending _____, 20_____
▶ See separate instructions.

OMB No. 1545-0099

2009

A Principal business activity Management	Use the IRS label. Otherwise, print or type.	Name of partnership Carlton Asset 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) \$ 6,725,256

- 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 <small>(see the instructions for limitations)</small>	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.

▶ _____ ▶ _____
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's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-30-0003
Firm's name (or yours if self-employed), address, and ZIP code	ELECTRONIC TAX FILERS INC. 1065 EFILE DRIVE, ANYTOWN, NV 89501	EIN ▶	69-0000098
		Phone no.	555-631-1212

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

Cat. No. 11390Z

Form **1065** (2009)

Test Scenario 10 - K-1 Aggregator Carlton Asset Management, LP 69-0000010

Form 1065 (2009)

Page **2**

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	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> 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 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
Mai Tai Investments	69-0000099	partnership	Japan	25%

Form **1065** (2009)

		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 2009, 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 entities wholly-owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✓
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶ _____		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶ _____		✓
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ _____ 1 _____		

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	▶ 69-300001
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 ▶	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 <input checked="" type="checkbox"/> Accrued <input type="checkbox"/>	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		6,027,45
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		3,685,651
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	8	Add lines 6 and 7	408,202,737
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	2,685,651
5	Add lines 1 through 4	410,888,388			

Form **4562**
 Department of the Treasury
 Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2009

Attachment
 Sequence No. **67**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return Carlton Asset Management LP	Business or activity to which this form relates Carlton Asset Management LP	Identifying number 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 the instructions for a higher limit for certain businesses	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 2008 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 2010. 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 2009	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 <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 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	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2009 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	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, 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	
	Yes	No										
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												
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 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form **8865**

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

OMB No. 1545-1668

2009

Department of the Treasury
Internal Revenue Service

▶ **Attach to your tax return. See separate instructions.**
Information furnished for the foreign partnership's tax year beginning _____, 2009 and ending _____, 20____

Attachment
Sequence No. **118**

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

Filer's address (if you are not filing this form with your tax return)
**1678 S. Hoover Blvd
San Francisco, CA 94101**

A Category of filer (see **Categories of Filers** in the instructions and check applicable box(es)):
1 2 3 4

B Filer's tax year beginning **01/01**, 20 **09**, and ending **12/31**, 20 **09**

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 Investments
1-2-3 Ginsu, Chuo-Ku
Tokyo, 190-2182**

2 EIN (if any) **69-0000099**

3 Country under whose laws organized **Japan**

4 Date of organization 09/13/1992	5 Principal place of business Japan	6 Principal business activity code number 523110	7 Principal business activity Security Dealing	8a Functional currency Yen	8b Exchange rate (see instr.) .8739
--	--	---	---	---	--

G Provide the following information for the foreign partnership's tax year:

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

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

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

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

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

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

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

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

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

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

Signature of general partner or limited liability company member	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-20-0002
	Preparer's signature		Date
Firm's name (or yours if self-employed), address, and ZIP code Electronic Tax Filers Inc 123 Any Street, Anytown, NY 11717		EIN ▶ 69-0000098	Phone no. 555-631-1212

Schedule A

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

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

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

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

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

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

Schedule A-2

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

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

Schedule B Income Statement—Trade or Business Income

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

Income	1 a Gross receipts or sales	1a		
	b Less returns and allowances	1b		1c
	2 Cost of goods sold			2
	3 Gross profit. Subtract line 2 from line 1c			3
	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	
Deductions <small>(see instructions for limitations)</small>	9 Salaries and wages (other than to partners) (less employment credits)			9
	10 Guaranteed payments to partners			10
	11 Repairs and maintenance			11
	12 Bad debts			12
	13 Rent			13
	14 Taxes and licenses			14
	15 Interest			15
	16 a 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
	22 Ordinary business income (loss) from trade or business activities. Subtract line 21 from line 8			22

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	
	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	
	c	Gross income sourced at partner level	16c	
	d	Passive category ▶ e General category ▶ f Other (attach statement) ▶	16f	
	g	Interest expense ▶ h Other ▶	16h	
	i	Passive category ▶ j General category ▶ k Other (attach statement) ▶	16k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> 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	
	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	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2a Trade notes and accounts receivable . . .				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (<i>attach statement</i>) . .				
7 Mortgage and real estate loans				
8 Other investments (<i>attach statement</i>) . . .				
9a Buildings and other depreciable assets . .				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only) . . .				
b Less accumulated amortization				
13 Other assets (<i>attach statement</i>)				
14 Total assets				
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (<i>attach statement</i>) .				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (<i>attach statement</i>)				
21 Partners' capital accounts				
22 Total liabilities and capital				

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

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)**

(December 2009)
Department of the Treasury
Internal Revenue Service

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

▶ Attach to Form 1065. See instructions on back.

OMB No. 1545-0099

Name of partnership Carlton Asset Management, LP	Employer identification number (EIN) 69 000003
--	--

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, or tax-exempt organization 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	69-300002	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, Capital, or Loss

**SCHEDULE C
(Form 1065)**

Additional Information for Schedule M-3 Filers

OMB No. 1545-0099

2009

Department of the Treasury
Internal Revenue Service

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

Name of partnership

Carlton Asset Management LP

Employer identification number

69-000003

		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) 2009

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

**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 \$ **265,565**

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)	15	Credits
	40,649,089		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 1,022,953
	561,900		
5	Interest income		D 1,022,953
	3,653		
6a	Ordinary dividends		L 63,251
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 111
12	Section 179 deduction		A 40,820,274
	4,333		
13	Other deductions		
14	Self-employment earnings (loss)		A 41,210,989
	C 41,210,989		
19	Distributions		
20	Other information		A 3,653

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01, 2009
ending 12/31, 20 09

**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 Hooever 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)	15	Credits
	361,776,890		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 9,104,282
5	Interest income		D 9,107,282
	32,507		
6a	Ordinary dividends		L 562,934
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 989
		19	Distributions
12	Section 179 deduction		A 363,300,436
	38,567		
13	Other deductions		
		20	Other information
			A 32,507
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

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

2009

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax
year beginning 01/01/, 2009
ending 12/31, 20 09

**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
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	\$	26,857

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)	15	Credits
	4,064,909		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 102,295
5	Interest income		D 102,295
6a	Ordinary dividends		L 6,325
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 11
12	Section 179 deduction		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

**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

2009

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 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 taxable 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 / 2009 Ending 12 / 31 / 2009
- 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 <input checked="" type="checkbox"/> GAAP 2 <input type="checkbox"/> IFRS 3 <input type="checkbox"/> 704(b)		
4 <input type="checkbox"/> Tax-basis 5 <input type="checkbox"/> Other: (Specify) ▶ _____		
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 4 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

Test Scenario 10 - K-1 Aggregator Carlton Asset Management, LP 69-0000010

Name of partnership

Carlton Asset Management, LP

Employer identification number

69-0000003

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

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(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 30) (see instructions)	(2,2220		(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, page 5, 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 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	2,222		560,789	563,011

SCHEDULE O
(Form 8865)

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

OMB No. 1545-1668

2009

Department of the Treasury
Internal Revenue Service

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

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	08/09/2009	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

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Schedule O (Form 8865) 2009