

September 30, 2016

**Tax Year 2016**  
**Form 1065 MeF ATS Scenario 2**

**FORMS REQUIRED:**

1065, 1065 Sch B-1, 1065 Sch K-1 (2), 1065 Sch M-3, 1125-A, 4562, 4797, 8824, 8925, 8453-PE

**ATTACHMENTS:**

SelfChargedInterestElection  
ItemizedOtherDeductionsStatement  
ItemizedOtherCostsSchedule

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

**HEADER INFO:**

**Tax Period:** Calendar Year 2016

**Preparer Firm:** **EIN:** 69-0000098  
**Name:** Electronic Tax Filers, Inc  
**Address:** 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 Identifier:** **Type:** 1065

**Filer:** **EIN:** 00-2000002  
**Business 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:** 04/15/2017

**Preparer:** **Name:** Paul Jennings  
**PTIN:** P00000002  
**Phone:** 555-631-1212  
**Email Address:** Anymail@email.com  
**Date Prepared:** 04/15/2017  
**Self Employed:** No

**SelfChargedInterestElection** (Form 1065)

<b>Name of Partnership</b>	<b>Address</b>	<b>EIN</b>	<b>Regulation Section 1.469-7(g) Declaration</b>
Jennings Boats	Rt 1 Box 843 Bar Harbor, ME 04609	00-2000002	Yes

**ItemizedOtherDeductionsStatement** (Other deductions, Form 1065, Page 1, Line 20)

<b>Type</b>	<b>Amount</b>
Amortization	300
Professional Fees	225,000
Insurance	84,722
<b>Total</b>	<b>310,022</b>

**ItemizedOtherCostsSchedule** (Other costs, Form 1125-A, Line 5)

<b>Corporation Name</b>	<b>Corporation EIN</b>	<b>Type of Other Cost</b>	<b>Amount of Other Cost</b>
		Other Cost	131,245

**Note:** Guaranteed payments are for medical insurance.

Form <b>1065</b> Department of the Treasury Internal Revenue Service	<b>U.S. Return of Partnership Income</b> For calendar year 2016, or tax year beginning 01/01, 2016, ending 12/31, 2016 ▶ Information about Form 1065 and its separate instructions is at <a href="http://www.irs.gov/form1065">www.irs.gov/form1065</a> .	OMB No. 1545-0123 <span style="font-size: 2em; font-weight: bold;">2016</span>						
<b>A</b> Principal business activity BOAT SALES  <b>B</b> Principal product or service SALES & SERVICES  <b>C</b> Business code number 441222	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:5%; text-align: center;"><b>Type or Print</b></td> <td>Name of partnership JENNINGS BOATS LLC</td> </tr> <tr> <td></td> <td>Number, street, and room or suite no. If a P.O. box, see the instructions. RT 1 BOX 843</td> </tr> <tr> <td></td> <td>City or town, state or province, country, and ZIP or foreign postal code BAR HARBOR ME 04609</td> </tr> </table>	<b>Type or Print</b>	Name of partnership JENNINGS BOATS LLC		Number, street, and room or suite no. If a P.O. box, see the instructions. RT 1 BOX 843		City or town, state or province, country, and ZIP or foreign postal code BAR HARBOR ME 04609	<b>D</b> Employer identification number 00-2000002  <b>E</b> Date business started 01/01/2016  <b>F</b> Total assets (see the instructions) \$ 2,749,483
<b>Type or Print</b>	Name of partnership JENNINGS BOATS LLC							
	Number, street, and room or suite no. If a P.O. box, see the instructions. RT 1 BOX 843							
	City or town, state or province, country, and ZIP or foreign postal code BAR HARBOR ME 04609							

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

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

<b>Income</b>	<b>1a</b>	Gross receipts or sales	<b>1a</b>	4,212,980		
	<b>b</b>	Returns and allowances	<b>1b</b>	350,000		
	<b>c</b>	Balance. Subtract line 1b from line 1a			<b>1c</b>	3,862,980
	<b>2</b>	Cost of goods sold (attach Form 1125-A)			<b>2</b>	3,508,023
	<b>3</b>	Gross profit. Subtract line 2 from line 1c			<b>3</b>	354,957
	<b>4</b>	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b>	
	<b>5</b>	Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>	
	<b>6</b>	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>	9,000
<b>7</b>	Other income (loss) (attach statement)			<b>7</b>		
<b>8</b>	<b>Total income (loss).</b> Combine lines 3 through 7			<b>8</b>	363,957	
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b>	Salaries and wages (other than to partners) (less employment credits)			<b>9</b>	150,000
	<b>10</b>	Guaranteed payments to partners			<b>10</b>	110,000
	<b>11</b>	Repairs and maintenance			<b>11</b>	5,562
	<b>12</b>	Bad debts			<b>12</b>	
	<b>13</b>	Rent			<b>13</b>	265,740
	<b>14</b>	Taxes and licenses			<b>14</b>	33,450
	<b>15</b>	Interest			<b>15</b>	95,362
	<b>16a</b>	Depreciation (if required, attach Form 4562)	<b>16a</b>	108,340		
	<b>b</b>	Less depreciation reported on Form 1125-A and elsewhere on return	<b>16b</b>		<b>16c</b>	108,340
	<b>17</b>	Depletion ( <b>Do not deduct oil and gas depletion.</b> )			<b>17</b>	
	<b>18</b>	Retirement plans, etc.			<b>18</b>	
<b>19</b>	Employee benefit programs			<b>19</b>	1,250	
<b>20</b>	Other deductions (attach statement)			<b>20</b>	310,022	
<b>21</b>	<b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.			<b>21</b>	1,079,726	
<b>22</b>	<b>Ordinary business income (loss).</b> Subtract line 21 from line 8			<b>22</b>	(715,769)	

**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.

▶ \_\_\_\_\_ ▶ 04/15/2017  
 Signature of general partner or limited liability company member manager Date

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

**Paid Preparer Use Only**

Print/Type preparer's name PAUL JENNINGS	Preparer's signature	Date 04/15/2017	Check <input type="checkbox"/> if self-employed	PTIN P00000002
Firm's name ▶ ELECTRIC TAX FILERS INC	Firm's EIN ▶ 69-0000098		Phone no. 555-631-1212	
Firm's address ▶ 1065 EFILE DRIVE ANYTOWN NV 89501				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2016)

**Schedule B Other Information**

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

<b>2</b>	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		✓
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<b>3</b>	At the end of the tax year:		
<b>a</b>	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✓
<b>b</b>	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	✓	

<b>4</b>	At the end of the tax year, did the partnership:		
<b>a</b>	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✓

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

<b>b</b>	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		✓
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

<b>5</b>	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✓
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<b>6</b>	Does the partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b>	The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b>	The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b>	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
<b>d</b>	The partnership is not filing and is not required to file Schedule M-3		✓
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		

<b>7</b>	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓
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<b>8</b>	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✓
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<b>9</b>	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓
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<b>10</b>	At any time during calendar year 2016, 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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶		✓
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**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions . . . . .		✓
<b>12a</b> Is the partnership making, or had it previously made (and not revoked), a section 754 election? . . . . . See instructions for details regarding a section 754 election.		✓
<b>b</b> Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions . . . . .		✓
<b>c</b> Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions . . . . .		✓
<b>13</b> Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) . . . . . <input type="checkbox"/>		
<b>14</b> At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property? . . . . .		✓
<b>15</b> If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
<b>16</b> Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		✓
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> Did you make any payments in 2016 that would require you to file Form(s) 1099? See instructions . . . . .		✓
<b>b</b> If "Yes," did you or will you file required Form(s) 1099? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		
<b>21</b> During the partnership's tax year, did the partnership make any payments that would require it to file Form 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)? . . . . .		✓
<b>22</b> Was the partnership a specified domestic entity required to file Form 8938 for the tax year (See the Instructions for Form 8938)? . . . . .		✓

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

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

Name of designated TMP	▶ DANIEL JENNINGS	Identifying number of TMP	▶ 000-10-0001
If the TMP is an entity, name of TMP representative	▶	Phone number of TMP	▶ 555-241-1111
Address of designated TMP	▶ PO BOX 1589 BAR HARBOR ME 04609		

<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 22)	<b>1</b>	(715,769)
	<b>2</b> Net rental real estate income (loss) (attach Form 8825)	<b>2</b>	
	<b>3a</b> Other gross rental income (loss)	<b>3a</b>	
	<b>b</b> Expenses from other rental activities (attach statement)	<b>3b</b>	
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a	<b>3c</b>	
	<b>4</b> Guaranteed payments	<b>4</b>	110,000
	<b>5</b> Interest income	<b>5</b>	250
	<b>6</b> Dividends: <b>a</b> Ordinary dividends	<b>6a</b>	
	<b>b</b> Qualified dividends		
	<b>7</b> Royalties	<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065))	<b>8</b>	
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065))	<b>9a</b>		
<b>b</b> Collectibles (28%) gain (loss)	<b>9b</b>		
<b>c</b> Unrecaptured section 1250 gain (attach statement)	<b>9c</b>		
<b>10</b> Net section 1231 gain (loss) (attach Form 4797)	<b>10</b>		
<b>11</b> Other income (loss) (see instructions) Type ▶	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562)	<b>12</b>	
	<b>13a</b> Contributions	<b>13a</b>	
	<b>b</b> Investment interest expense	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment	<b>14a</b>	(614,769)
	<b>b</b> Gross farming or fishing income	<b>14b</b>	
	<b>c</b> Gross nonfarm income	<b>14c</b>	363,957
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5))	<b>15a</b>	
	<b>b</b> Low-income housing credit (other)	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶	<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources	<b>16b</b>	
	<b>c</b> Gross income sourced at partner level	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other ▶	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ <b>h</b> Other ▶	<b>16h</b>	
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other ▶	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	<b>16l</b>	
<b>m</b> Reduction in taxes available for credit (attach statement)	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement)			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment	<b>17a</b>	
	<b>b</b> Adjusted gain or loss	<b>17b</b>	
	<b>c</b> Depletion (other than oil and gas)	<b>17c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement)	<b>17f</b>	
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income	<b>18a</b>	
	<b>b</b> Other tax-exempt income	<b>18b</b>	
	<b>c</b> Nondeductible expenses	<b>18c</b>	600
	<b>19a</b> Distributions of cash and marketable securities	<b>19a</b>	
	<b>b</b> Distributions of other property	<b>19b</b>	
	<b>20a</b> Investment income	<b>20a</b>	250
	<b>b</b> Investment expenses	<b>20b</b>	
<b>c</b> Other items and amounts (attach statement)			

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	(605,519)
<b>2</b>	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
<b>a</b>	General partners		(247,760)				
<b>b</b>	Limited partners		(357,759)				

**Schedule L Balance Sheets per Books**

		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
<b>1</b>	Cash				75,500
<b>2a</b>	Trade notes and accounts receivable			42,555	
<b>b</b>	Less allowance for bad debts				42,555
<b>3</b>	Inventories				2,225,675
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)				
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets			501,229	
<b>b</b>	Less accumulated depreciation			100,976	400,253
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)				
<b>12a</b>	Intangible assets (amortizable only)			6,000	
<b>b</b>	Less accumulated amortization			500	5,500
<b>13</b>	Other assets (attach statement)				
<b>14</b>	Total assets				2,749,483
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable				496,442
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)				345,622
<b>18</b>	All nonrecourse loans				
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more				
<b>20</b>	Other liabilities (attach statement)				2,493,033
<b>21</b>	Partners' capital accounts				(585,614)
<b>22</b>	Total liabilities and capital				761,634

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

**Note.** The partnership may be required to file Schedule M-3 (see instructions).

<b>1</b>	Net income (loss) per books	(635,614)	<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)	110,000	<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	80,505
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	80,505
<b>b</b>	Travel and entertainment \$	600	<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	(605,516)
<b>5</b>	Add lines 1 through 4	(525,014)			

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

<b>1</b>	Balance at beginning of year		<b>6</b>	Distributions: <b>a</b> Cash	
<b>2</b>	Capital contributed: <b>a</b> Cash	50,000		<b>b</b> Property	
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	(635,614)	<b>8</b>	Add lines 6 and 7	
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	(585,614)
<b>5</b>	Add lines 1 through 4	(585,614)			

Form **1125-A**

**Cost of Goods Sold**

OMB No. 1545-0123

(Rev. October 2016)  
Department of the Treasury  
Internal Revenue Service

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**  
▶ **Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name Jennings Boats, LLC Employer identification number 00-2000002

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

**9a** Check all methods used for valuing closing inventory:

(i)  Cost

(ii)  Lower of cost or market

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

**b** Check if there was a writedown of subnormal goods

**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

**d** If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d**

**e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions  Yes  No

**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

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

**General Instructions**

**Purpose of Form**

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

**Who Must File**

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

**Inventories**

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

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

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

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

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

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

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

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

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



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

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

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

OMB No. 1545-0099

▶ Attach to Form 1065. See instructions on back.

Name of partnership

Jennings Boats, LLC

Employer identification number (EIN)

00-2000002

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

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

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

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

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

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
Daniel Jennings	000-10-0001	US	50%
James Stephens	000-10-0002	US	50%

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

**2016**

Department of the Treasury  
Internal Revenue Service

For calendar year 2016, or tax  
year beginning 01/01, 2016  
ending 12/31, 20 16

**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  
00-2000002

**B** Partnership's name, address, city, state, and ZIP code  
**JENNINGS BOATS LLC**  
**RT BOX 843**  
**BAR HARBOR ME 04609**

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

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

**Part II Information About the Partner**

**E** Partner's identifying number  
000-10-0001

**F** Partner's name, address, city, state, and ZIP code  
**DANIEL JENNINGS**  
**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

**I1** What type of entity is this partner? INDIVIDUAL

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

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

	Beginning	Ending
Profit	%	<u>50</u> %
Loss	%	<u>50</u> %
Capital	%	<u>50</u> %

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

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

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

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

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

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

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

Current year increase (decrease) . . . \$ (317,807)

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

Ending capital account . . . . . \$ (292,807)

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)

Final K-1  Amended K-1

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

<b>1</b>	Ordinary business income (loss) <b>(357,885)</b>	<b>15</b>	Credits
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments <b>110,000</b>		
<b>5</b>	Interest income <b>125</b>		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		<b>C 300</b>
<b>12</b>	Section 179 deduction		<b>19</b> Distributions
<b>13</b>	Other deductions		<b>20</b> Other information
<b>14</b>	Self-employment earnings (loss) <b>A (252,385)</b>		<b>A 125</b>
	<b>C 181,979</b>		

\*See attached statement for additional information.

For IRS Use Only

Schedule K-1 (Form 1065)

2016

Department of the Treasury Internal Revenue Service

For calendar year 2016, or tax year beginning 01/01, 2016 ending 12/31, 2016

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

See back of form and separate instructions.

Final K-1 Amended K-1

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 Ordinary business income (loss) (357,885), Net rental real estate income (loss), Other net rental income (loss), Guaranteed payments, Interest income (125), Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss), Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss), Other income (loss), Section 179 deduction, Other deductions, Self-employment earnings (loss), and Distributions.

Part I Information About the Partnership

Part I Information About the Partnership. A Partnership's employer identification number: 00-2000002. B Partnership's name, address, city, state, and ZIP code: JENNINGS BOATS LLC, RT BOX 843, BAR HARBOR ME 04609. C IRS Center where partnership filed return: OGDEN. D Check if this is a publicly traded partnership (PTP): [ ]

Part II Information About the Partner

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 [X]. H Domestic partner [X] Foreign partner [ ]. I1 What type of entity is this partner? INDIVIDUAL. I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here [ ]. J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit % 50 % Loss % 50 % Capital % 50 %. K Partner's share of liabilities at year end: Nonrecourse \$ Qualified nonrecourse financing \$ Recourse \$. L Partner's capital account analysis: Beginning capital account \$ Capital contributed during the year \$ 25,000 Current year increase (decrease) \$ (317,807) Withdrawals & distributions \$ ( ) Ending capital account \$ (292,807). M Did the partner contribute property with a built-in gain or loss? Yes [ ] No [X].

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

SCHEDULE M-3 (Form 1065)

Net Income (Loss) Reconciliation for Certain Partnerships

OMB No. 1545-0123

2016

Department of the Treasury Internal Revenue Service

Attach to Form 1065 or Form 1065-B.

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

Name of partnership

JENNINGS BOAT LLC

Employer identification number

00-2000002

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

- A The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
B The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more.
C The amount of total receipts for the tax 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 in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

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 / / Ending / /
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 immediately preceding the period on line 2?

Table for net income reconciliation with columns for description and amount. Line 4a: (635,614). Line 11: (635,614).

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:

Table with 3 columns: Description (a-d), Total Assets, Total Liabilities.

Name of partnership

JENNINGS BOAT LLC

Employer identification number

00-2000002

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

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

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

Name of partnership <b>JENNINGS BOAT LLC</b>	Employer identification number 00-2000002
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**Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items**

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

DRAFT AS OF August 1, 2016 DO NOT FILE

Form **4562**

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

OMB No. 1545-0172

**2016**  
Attachment  
Sequence No. **179**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.  
▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

Name(s) shown on return <b>JENNINGS BOATS LLC</b>	Business or activity to which this form relates <b>BOAT SALES</b>	Identifying number <b>00-2000002</b>
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#### Part I Election To Expense Certain Property Under Section 179

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

<b>1</b> Maximum amount (see instructions)	<b>1</b>	
<b>2</b> Total cost of section 179 property placed in service (see instructions)	<b>2</b>	
<b>3</b> Threshold cost of section 179 property before reduction in limitation (see instructions)	<b>3</b>	
<b>4</b> Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	<b>4</b>	
<b>5</b> Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
<b>7</b> Listed property. Enter the amount from line 29	<b>7</b>	
<b>8</b> Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	<b>8</b>	
<b>9</b> Tentative deduction. Enter the smaller of line 5 or line 8	<b>9</b>	
<b>10</b> Carryover of disallowed deduction from line 13 of your 2015 Form 4562	<b>10</b>	
<b>11</b> Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
<b>12</b> Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	<b>12</b>	
<b>13</b> Carryover of disallowed deduction to 2017. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

#### Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.) (See instructions.)

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

#### Part III MACRS Depreciation (Don't include listed property.) (See instructions.)

##### Section A

<b>17</b> MACRS deductions for assets placed in service in tax years beginning before 2016	<b>17</b>	18,275
<b>18</b> If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

##### Section B—Assets Placed in Service During 2016 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
<b>19a</b> 3-year property		22,444	3	HY	200 DB	7,481
<b>b</b> 5-year property		1,500	5	HY	200 DB	300
<b>c</b> 7-year property		26,553	7	HY	200 DB	3,794
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

##### Section C—Assets Placed in Service During 2016 Tax Year Using the Alternative Depreciation System

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

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

<b>21</b> Listed property. Enter amount from line 28	<b>21</b>	5,000
<b>22</b> 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	<b>22</b>	108,340
<b>23</b> For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	<b>23</b>	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2016)

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

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

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

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

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) . . . . .							<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:									
2009 PILOT	7/22/16	100 %	25,000	25,000	5	200 DB-HY	5,000		
		%							
		%							
<b>27</b> Property used 50% or less in a qualified business use:									
		%				S/L-			
		%				S/L-			
		%				S/L-			
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 . . . . .							<b>28</b>	5,000	
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .								<b>29</b>	

**Section B—Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

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

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

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

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

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

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2016 tax year (see instructions):					
START UP	01/01/2016	1,500	195	5	300
<b>43</b> Amortization of costs that began before your 2016 tax year . . . . .					<b>43</b>
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b> 300



Form **4797**

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

OMB No. 1545-0184

**2016**

Department of the Treasury  
Internal Revenue Service

▶ **Attach to your tax return.**

▶ **Information about Form 4797 and its separate instructions is at [www.irs.gov/form4797](http://www.irs.gov/form4797).**

Attachment  
Sequence No. **27**

Name(s) shown on return JENNINGS BOATS LLC	Identifying number 00-2000002
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**1** Enter the gross proceeds from sales or exchanges reported to you for 2016 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions . . . . . **1**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year** (see instructions)

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

June 17, 2016

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

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

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

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

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

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

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

**8** Nonrecaptured net section 1231 losses from prior years. See instructions . . . . . **8**

**9** Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions . . . . . **9**

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

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


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

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

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

**14** Net gain or (loss) from Form 4684, lines 31 and 38a . . . . . **14**

**15** Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . . **15**

**16** Ordinary gain or (loss) from like-kind exchanges from Form 8824. . . . . **16** 9,000

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

**18** For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

- a** If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . . . **18a**
- b** Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . **18b**

**For Paperwork Reduction Act Notice, see separate instructions.**

Cat. No. 130861

Form **4797** (2016)

**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			
	<b>These columns relate to the properties on lines 19A through 19D. ▶</b>	<b>Property A</b>	<b>Property B</b>
		<b>Property C</b>	<b>Property D</b>
20	Gross sales price ( <b>Note:</b> 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	<b>If section 1245 property:</b>		
	a Depreciation allowed or allowable from line 22 . . . . .	25a	
	b Enter the <b>smaller</b> of line 24 or 25a . . . . .	25b	
26	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
	a Additional depreciation after 1975. See instructions . . . . .	26a	
	b Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a. See instructions . . . . .	26b	
	c Subtract line 26a from line 24. If residential rental property or line 24 isn't more than line 26a, skip lines 26d and 26e . . . . .	26c	
	d Additional depreciation after 1969 and before 1976. . . . .	26d	
	e Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e	
	f Section 291 amount (corporations only) . . . . .	26f	
	g Add lines 26b, 26e, and 26f. . . . .	26g	
27	<b>If section 1252 property:</b> Skip this section if you didn't dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
	a Soil, water, and land clearing expenses . . . . .	27a	
	b Line 27a multiplied by applicable percentage. See instructions . . . . .	27b	
	c Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c	
28	<b>If section 1254 property:</b>		
	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions . . . . .	28a	
	b Enter the <b>smaller</b> of line 24 or 28a . . . . .	28b	
29	<b>If section 1255 property:</b>		
	a Applicable percentage of payments excluded from income under section 126. See instructions . . . . .	29a	
	b Enter the <b>smaller</b> of line 24 or 29a. See instructions . . . . .	29b	

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

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

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

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

Form **8824**  
Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-1190

**2016**

Attachment  
Sequence No. **109**

▶ Attach to your tax return.

▶ Information about Form 8824 and its separate instructions is at [www.irs.gov/form8824](http://www.irs.gov/form8824).

Name(s) shown on tax return  
**JENNINGS BOATS LLC**

Identifying number  
**00-2000002**

**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 SL2

**2** Description of like-kind property received:  
2009 PILOT

**3** Date like-kind property given up was originally acquired (month, day, year) . . . . . **3** MM01/21/2000YYY

**4** Date you actually transferred your property to other party (month, day, year) . . . . . **4** MM07/22/2016YYY

**5** Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written identification requirement . . . . . **5** MM07/22/2016YYY

**6** Date you actually received the like-kind property from other party (month, day, year). See instructions **6** MM07/22/2016YYY

**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

**Note:** Do not file this form if a related party sold property into the exchange, directly or indirectly (such as through an intermediary); that property became your replacement property; and none of the exceptions in line 11 applies to the exchange. Instead, report the disposition of the property as if the exchange had been a sale. If one of the exceptions on line 11 applies to the exchange, complete Part II.

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

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

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

26	Enter the number from the upper right corner of your certificate of divestiture. ( <b>Do not</b> attach a copy of your certificate. Keep the certificate with your records.) . . . . .			
27	Description of divested property ▶ _____			
28	Description of replacement property ▶ _____			
29	Date divested property was sold (month, day, year) . . . . .	29	MM/DD/YYYY	
30	Sales price of divested property. See instructions . . . . .	30		
31	Basis of divested property . . . . .	31		
32	<b>Realized gain.</b> Subtract line 31 from line 30 . . . . .	32		
33	Cost of replacement property purchased within 60 days after date of sale . . . . .	33		
34	Subtract line 33 from line 30. If zero or less, enter -0- . . . . .	34		
35	Ordinary income under recapture rules. Enter here and on Form 4797, line 10. See instructions . . . . .	35		
36	Subtract line 35 from line 34. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797. See instructions . . . . .	36		
37	<b>Deferred gain.</b> Subtract the sum of lines 35 and 36 from line 32 . . . . .	37		
38	<b>Basis of replacement property.</b> Subtract line 37 from line 33 . . . . .	38		

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

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

OMB No. 1545-2089

Attachment  
Sequence No. **160**

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

Name(s) shown on return <b>Jennings Boats, LLC</b>	Identifying number <b>00-2000002</b>
Name of policyholder, if different from above	Identifying number, if different from above

Type of business  
**11110**

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

**General Instructions**

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

**Purpose of Form**

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

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

**Definitions**

**Employer-owned life insurance contract.**

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

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

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

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

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

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

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

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

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

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

**2.** Provide written notification to the employee that the policyholder will be a beneficiary of any proceeds payable upon the death of the employee.

**3.** Receive written consent from the employee. See *Valid consent* under the instructions for line 4a.

**Electronic notification and consent.**

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

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