

September 30, 2016

Tax Year 2016
Form 1065 MeF ATS Scenario 4

FORMS REQUIRED:

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

ATTACHMENTS:

OtherIncomeLossStatement
ItemizedOtherDeductionsStatement
ItemizedAdditionalSection263ACostsSchedule
InventoriableCostsPaidSchedule
Section754Election
PartnershipsCharitableContributionsStatement
ScheduleLOtherCurrentAssetsStatement
ScheduleLOtherAssetsStatement
ScheduleLOtherCurrentLiabilitiesStatement
OtherAMTItemsStatement

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:** 00-2000004
Business 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: 04/15/2017

Preparer:

Name: John Smith
PTIN: P00000004
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/15/2017
Self Employed: No

OtherIncomeLossStatement (Other income (loss), Form 1065, Page 1, Line 7)

| Type | Amount |
|---------------|---------------|
| Miscellaneous | 36,522 |
| Total | 36,522 |

ItemizedOtherDeductionsStatement (Other Deductions, Form 1065, Page 1, Line 20)

| Type | Amount |
|-------------------|------------------|
| Amortization | 441,634 |
| Insurance | 75,606 |
| Professional Fees | 583,204 |
| Miscellaneous | 213,470 |
| Total | 1,313,914 |

ItemizedAdditionalSection263ACostsSchedule (Additional section 263A costs, Form 1125-A, Line 4)

| Corporation Name | Corporation EIN | Type of Additional Section 263A Costs | Amount for Cost by Type | Historic Ratio (If Applicable) |
|------------------|-----------------|---------------------------------------|-------------------------|--------------------------------|
| | | Rent | 50,000 | |
| | | Utilities | 24,212 | |
| | | Total | 74,212 | |

InventoriableCostsPaidSchedule (Other costs, Form 1125-A, Line 5)

| Type | Amount |
|-------------------|------------------|
| Professional Fees | 19,360 |
| Utilities | 1,321,610 |
| Miscellaneous | 225,156 |
| Depreciation | 1,552,619 |
| Total | 3,118,745 |

Section754Election (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 |

PartnershipsCharitableContributionsStatement
(Contributions, Form 1065, Page 4, Schedule K, Line 13a)

| Type | Amount |
|-----------------------|--------|
| 50% Cash Contribution | 3,000 |

OtherAMTItemsStatement (Other AMT items, Form 1065, Page 4, Schedule K, Line 17f)

| | |
|------------------|----------------------------|
| Statement | Other AMT Items = (22,101) |
|------------------|----------------------------|

Schedule L Other Current Assets Statement

(Other current assets, Form 1065, Page 5, Schedule L, Line 6(b) and 6(d))

| Type | BOY Amount | EOY Amount |
|-------------------|-------------------|-------------------|
| Prepaid Insurance | 105,000 | 105,000 |
| Deposit | 45,000 | 20,000 |
| Total | 150,000 | 125,000 |

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

| Type | BOY Amount | EOY Amount |
|--------------|-------------------|-------------------|
| Other Assets | 387,000 | 411,000 |
| Total | 387,000 | 411,000 |

Schedule L Other Current Liabilities Statement

(Other current liabilities, Form 1065, Page 5, Schedule L, Line 17(b) and 17(d))

| Description | BOY Amount | EOY Amount |
|------------------------|-------------------|-------------------|
| Accrued Payroll | 793,542 | 801,250 |
| Accrued Profit Sharing | 377,622 | 496,135 |
| Total | 1,171,164 | 1,297,385 |

Schedule B Other Information

| | | | |
|----------|--|------------|---|
| 1 | What type of entity is filing this return? Check the applicable box: | Yes | No |
| 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, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership | | ✓ |
| b | Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership | ✓ | |

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

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

| | | | |
|----------|---|--|---|
| b | Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below | | ✓ |
|----------|---|--|---|

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

| | | | |
|----------|--|--|---|
| 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 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. ▶ | | ✓ |
|-----------|--|--|---|

Schedule B Other Information (continued)

| | Yes | No |
|--|-----|----|
| 11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions | | ✓ |
| 12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election. | | ✓ |
| b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions | | ✓ |
| c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions | | ✓ |
| 13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <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. ▶ | | |
| 18a Did you make any payments in 2016 that would require you to file Form(s) 1099? See instructions | | ✓ |
| b If "Yes," did you or will you file required Form(s) 1099? | | ✓ |
| 19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶ | | |
| 20 Enter the number of partners that are foreign governments under section 892. ▶ | | |
| 21 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)? | | ✓ |
| 22 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 ▶

Identifying number of TMP ▶

If the TMP is an entity, name of TMP representative ▶

Phone number of TMP ▶

Address of designated TMP ▶

| Schedule K Partners' Distributive Share Items | | Total amount | |
|---|--|--------------|-------------|
| Income (Loss) | 1 Ordinary business income (loss) (page 1, line 22) | 1 | 1,382,245 |
| | 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 | 37,935 |
| | 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 | 1,344,845 |
| | b Gross farming or fishing income | 14b | |
| | c Gross nonfarm income | 14c | 8,159,220 |
| 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, if applicable) | 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 ▶ | 16a | |
| | b Gross income from all sources | 16b | |
| | c Gross income sourced at partner level | 16c | |
| | Foreign gross income sourced at partnership level | | |
| | d Passive category ▶ e General category ▶ f Other ▶ | 16f | |
| | Deductions allocated and apportioned at partner level | | |
| | g Interest expense ▶ h Other ▶ | 16h | |
| | Deductions allocated and apportioned at partnership level to foreign source income | | |
| | i Passive category ▶ j General category ▶ k Other ▶ | 16k | |
| l Total foreign taxes (check one): ▶ Paid <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 | (199,426) |
| | b Adjusted gain or loss | 17b | (15,622) |
| | c Depletion (other than oil and gas) | 17c | 619,784 |
| | d Oil, gas, and geothermal properties—gross income | 17d | |
| | e Oil, gas, and geothermal properties—deductions | 17e | |
| | f Other AMT items (attach statement) | 17f | (22,100) |
| Other Information | 18a Tax-exempt interest income | 18a | |
| | b Other tax-exempt income | 18b | |
| | c Nondeductible expenses | 18c | |
| | 19a Distributions of cash and marketable securities | 19a | (1,900,000) |
| | b Distributions of other property | 19b | |
| | 20a Investment income | 20a | 14,225 |
| b Investment expenses | 20b | | |
| c Other items and amounts (attach statement) | | | |

Analysis of Net Income (Loss)

| | | | | | | | |
|----------|---|---------------|--------------------------|----------------------------|------------------|-------------------------|--------------------|
| 1 | Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l | | | | | 1 | 1,360,480 |
| 2 | Analysis by partner type: | (i) Corporate | (ii) Individual (active) | (iii) Individual (passive) | (iv) Partnership | (v) Exempt Organization | (vi) Nominee/Other |
| a | General partners | | 748,264 | | | | |
| b | Limited partners | | 612,216 | | | | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|-------------------------------------|--|-----------------------|------------|-----------------|------------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 375,120 | | 153,082 |
| 2a | Trade notes and accounts receivable | 1,140,165 | | 1,353,242 | |
| b | Less allowance for bad debts | | 1,140,165 | | 1,353,242 |
| 3 | Inventories | | 1,372,320 | | 1,207,920 |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach statement) | | 150,000 | | 125,000 |
| 7a | Loans to partners (or persons related to partners) | | | | |
| b | Mortgage and real estate loans | | | | |
| 8 | Other investments (attach statement) | | | | |
| 9a | Buildings and other depreciable assets | 9,327,811 | | 9,529,741 | |
| b | Less accumulated depreciation | 1,426,314 | 7,901,497 | 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 | | |
| 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 | | 26,119,810 |
| 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 | | 1,297,385 |
| 18 | All nonrecourse loans | | | | |
| 19a | Loans from partners (or persons related to partners) | | | | |
| b | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 20 | Other liabilities (attach statement) | | | | |
| 21 | Partners' capital accounts | | 32,397,601 | | 33,816,610 |
| 22 | Total liabilities and capital | | 34,568,765 | | 36,313,995 |

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).

| | | | | | |
|----------|--|--|----------|---|--|
| 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 | 32,397,601 | 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 | 8 | Add lines 6 and 7 | 1,900,000 |
| 4 | Other increases (itemize): | | 9 | Balance at end of year. Subtract line 8 from line 5 | 33,816,610 |
| 5 | Add lines 1 through 4 | 35,716,610 | | | |

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.**

| | | |
|----------------------------------|---|---|
| Name Eastland Quarries | | Employer identification number 00-2000004 |
| 1 | Inventory at beginning of year | 1 1,372,320 |
| 2 | Purchases | 2 1,512,263 |
| 3 | Cost of labor | 3 2,130,412 |
| 4 | Additional section 263A costs (attach schedule) | 4 74,212 |
| 5 | Other costs (attach schedule) | 5 3,118,745 |
| 6 | Total. Add lines 1 through 5 | 6 8,207,952 |
| 7 | Inventory at end of year | 7 1,207,920 |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions | 8 7,000,032 |
| 9a | Check all methods used for valuing closing inventory: (i) <input type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market (iii) <input type="checkbox"/> Other (Specify method used and attach explanation.) ▶ | |
| b | Check if there was a writedown of subnormal goods | <input type="checkbox"/> |
| c | Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) | <input type="checkbox"/> |
| 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 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| f | Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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

General Instructions

Purpose of Form

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

Who Must File

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

Inventories

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

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

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

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 Eastland Quarries | Employer identification number (EIN) 00-2000004 |
|--|--|

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 |
|--------------------|--|----------------------|------------------------------|--|
| | | | | |
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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 |
|----------------------------------|----------------------------------|---|---|
| Jonathan Teak | 000-30-0003 | US | 55 |
| | | | |
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**SCHEDULE C
(Form 1065)**

(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

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

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

OMB No. 1545-0123

Name of partnership

Eastland Quarries

Employer identification number

00-2000004

| | | 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 | Does any amount 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 that partnership or its ratio for sharing other items of that partnership? | | ✓ |
| 3 | At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to a related person as defined in sections 267(b) and 707(b)(1)? | | ✓ |
| 4 | At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related person as defined in sections 267(b) and 707(b)(1)? | | ✓ |
| 5 | At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle | | ✓ |
| 6 | At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income tax purposes? | | ✓ |

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2014)

**SCHEDULE D
(Form 1065)**

Capital Gains and Losses

OMB No. 1545-0123

2016

Department of the Treasury
Internal Revenue Service

▶ **Attach to Form 1065 or Form 8865.**
▶ **Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.**
▶ **Information about Schedule D (Form 1065) and its separate instructions is at www.irs.gov/form1065.**

Name of partnership

Employer identification number

EASTLAND QUARRIES

00-2000004

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

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

| | (d) Proceeds (sales price) | (e) Cost (or other basis) | (g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g) | (h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g) |
|--|----------------------------------|---------------------------------|---|---|
| 1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b | | | | |
| 1b Totals for all transactions reported on Form(s) 8949 with Box A checked | 5,000 | 2,700 | | 2,300 |
| 2 Totals for all transactions reported on Form(s) 8949 with Box B checked | | | | |
| 3 Totals for all transactions reported on Form(s) 8949 with Box C checked | | | | |
| 4 Short-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | 4 |
| 5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824 | | | | 5 |
| 6 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 |
| 7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). Enter here and on Form 1065, Schedule K, line 8 or 11; or Form 8865, Schedule K, line 8 or 11 | | | | 7 2,300 |

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

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

| | (d) Proceeds (sales price) | (e) Cost (or other basis) | (g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g) | (h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g) |
|---|----------------------------------|---------------------------------|--|---|
| 8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b | | | | |
| 8b Totals for all transactions reported on Form(s) 8949 with Box D checked | 7,500 | 10,000 | | (2,500) |
| 9 Totals for all transactions reported on Form(s) 8949 with Box E checked | | | | |
| 10 Totals for all transactions reported on Form(s) 8949 with Box F checked | | | | |
| 11 Long-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | 11 |
| 12 Long-term capital gain or (loss) from like-kind exchanges from Form 8824 | | | | 12 |
| 13 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts | | | | 13 |
| 14 Capital gain distributions (see instructions) | | | | 14 |
| 15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Enter here and on Form 1065, Schedule K, line 9a or 11; or Form 8865, Schedule K, line 9a or 11 | | | | 15 (2,500) |

**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
00-2000004

B Partnership's name, address, city, state, and ZIP code
**EASTLAND QUARRIES
2313 JACKSON AVE
PORTLAND OR 97208**

C IRS Center where partnership filed return
OGDEN

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

Part II Information About the Partner

E Partner's identifying number
000-30-0003

F Partner's name, address, city, state, and ZIP code
**JONATHAN TEAK
48 ADAMS AVE
PORTLAND OR 97208**

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

H Domestic partner Foreign partner

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 | 55 % | 55 % |
| Loss | 55 % | 55 % |
| Capital | 55 % | 55 % |

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ 1,373,562

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)

Final K-1 Amended K-1

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

| | | | |
|-----------|--------------------------------------|-----------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 760,235 | | |
| 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 |
| | (1,375) | | A (109,685) |
| 9b | Collectibles (28%) gain (loss) | | B (8,592) C 340,881 |
| 9c | Unrecaptured section 1250 gain | | F (12,155) |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| | (31,075) | | |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | | 19 Distributions |
| | | | A 1,045,000 |
| 13 | Other deductions | | |
| | A 1,650 | | 20 Other information |
| | | | A 7,824 |
| 14 | Self-employment earnings (loss) | | |
| | A 739,665 | | |
| | C 4,487,781 | | |

*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, 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
00-2000004

B Partnership's name, address, city, state, and ZIP code
**EASTLAND QUARRIES
2313 JACKSON AVE
PORTLAND OR 97208**

C IRS Center where partnership filed return
OGDEN

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

Part II Information About the Partner

E Partner's identifying number
000-30-0001

F Partner's name, address, city, state, and ZIP code
**PETER TEAK
34 WASHINGTON AVE
PORTLAND OR 97208**

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

H Domestic partner Foreign partner

I1 What type of entity is this partner? 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 | 45 % | % |
| Loss | 45 % | % |
| Capital | 45 % | % |

K Partner's share of liabilities at year end:

| | | |
|---------------------------------|----|------------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 1,123,823 |
| 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 | \$ (|) |
| Ending capital account | \$ | 10,569,447 |

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**

| | | | |
|-----------|--------------------------------------|-----------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 622,010 | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| | 6,401 | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| | 1,035 | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | 1,125 | | 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 |
| | (25,425) | | |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | | |
| 13 | Other deductions | | |
| | A 675 | | |
| 14 | Self-employment earnings (loss) | | |
| | A 605,180 | | |
| | C 3,671,649 | | |
| 19 | Distributions | | |
| 20 | Other information | | A 3,201 |

*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, 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
00-2000004

B Partnership's name, address, city, state, and ZIP code
**EASTLAND QUARRIES
2313 JACKSON AVE
PORTLAND OR 97208**

C IRS Center where partnership filed return
OGDEN

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

Part II Information About the Partner

E Partner's identifying number
000-00-0002

F Partner's name, address, city, state, and ZIP code
**JOSEPH SPRUCE
5421 NORTH 2100 SOUTH
PORTLAND OR 97208**

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

H Domestic partner Foreign partner

I1 What type of entity is this partner? 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 | 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)

Final K-1 Amended K-1

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

| | | | |
|-----------|--------------------------------------|--------------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 310,940 | | |
| 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 (4,972) |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| | (12,713) | | |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | | 19 Distributions |
| | | | A 855,000 |
| 13 | Other deductions | A 675 | 20 Other information |
| | | | A 3,200 |
| 14 | Self-employment earnings (loss) | | |

*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

EASTLAND QUARRIES

Employer identification number

00-2000004

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 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...

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 / 2016 Ending 12 / 31 / 2016
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 with 2 columns: Description and Amount. Rows include 4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 (3,319,009), 5a-7b Net income/loss from nonincludible foreign and U.S. entities, 8-11 Adjustments and Net income (loss) per income statement of the partnership (3,319,009).

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, Total Assets, Total Liabilities. Rows include 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 00-2000004 |
|---|--|

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 |
|---|--|--------------------------------|--------------------------------|--|
| <i>(Attach statements for lines 1 through 10)</i> | | | | |
| 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 | | | |
| 24 | (88,989) | (1,994,529) | 12,000 | 2,047,518 |
| 25 | 3,370,798 | | | 3,370,798 |
| 26 | 3,319,009 | (1,994,529) | 12,000 | 1,360,480 |

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 EASTLAND QUARRIES | Employer identification number 00-2000004 |
|---|--|

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 |
|--|--|--------------------------------|--------------------------------|------------------------------------|
| 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 Reserved | | | | |
| 23a Depletion—Oil & Gas | | | | |
| b Depletion—Other than Oil & Gas | | 506,885 | | 506,885 |
| 24 Intangible drilling & development costs | | | | |
| 25 Depreciation | 64,989 | 1,487,644 | | 1,552,633 |
| 26 Bad debt expense | | | | |
| 27 Interest expense (see instructions) | | | | |
| 28 Purchase versus lease (for purchasers and/or lessees) | | | | |
| 29 Research and development costs | | | | |
| 30 Other expense/deduction items with differences (attach statement) | | | | |
| 31 Total expense/deduction items. Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive | 88,989 | 1,994,529 | (12,000) | 2,047,518 |

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

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2016
 Attachment
 Sequence No. **179**

▶ Attach to your tax return.

▶ Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

| | | |
|---|--|---|
| Name(s) shown on return EASTLAND QUARRIES | Business or activity to which this form relates QUARRIES | Identifying number 00-2000004 |
|---|--|---|

Part I Election To Expense Certain Property Under Section 179

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

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

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.)

| | | |
|---|-----------|---------|
| 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 (Don't include listed property.) (See instructions.)

Section A

| | | |
|--|-----------|-----------|
| 17 MACRS deductions for assets placed in service in tax years beginning before 2016 | 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 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 |
|---------------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | 55,260 | 5 | HY | 200 DB | 11,052 |
| c 7-year property | | 322,560 | 7 | HY | 200 DB | 46,094 |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | | | 27.5 yrs. | MM | S/L | |
| | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |

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

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

Part IV Summary (See instructions.)

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

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (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 |
|--|-------------------------------|---|----------------------------|--|------------------------|--------------------------|-------------------------------|---------------------------------|
| 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: | | | | | | | | |
| 2016 ENVOY | 02/17/16 | 100 % | 42,600 | 42,600 | 5 | 200 DB/HY | 8,520 | |
| 2016 HONDA CIV | 01/01/16 | 100 % | 20,550 | 20,550 | 5 | 200 DB/HY | 4,110 | |
| | | % | | | | | | |
| 27 Property used 50% or less in a qualified business use: | | | | | | | | |
| | | % | | | | S/L- | | |
| | | % | | | | S/L- | | |
| | | % | | | | S/L- | | |
| 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 | | | | | | | 28 | 12,630 |
| 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 | | | | | | | 29 | |

Section B—Information on Use of Vehicles

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

| | (a) Vehicle 1 | | (b) Vehicle 2 | | (c) Vehicle 3 | | (d) Vehicle 4 | | (e) Vehicle 5 | | (f) Vehicle 6 | |
|--|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|
| | Yes | No |
| 30 Total business/investment miles driven during the year (don't 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 **aren't** 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," 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 |
|--|---------------------------------|---------------------------|---------------------|--|-----------------------------------|
| 42 Amortization of costs that begins during your 2016 tax year (see instructions): | | | | | |
| DEVELOPMENT | 06/30/16 | 104,106 | 291 | 10 | 10,121 |
| 43 Amortization of costs that began before your 2016 tax year | | | | | 43 |
| 44 Total. Add amounts in column (f). See the instructions for where to report | | | | | 44 |
| | | | | | 431,513 |
| | | | | | 441,634 |

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.**

Attachment
Sequence No. **27**

| | |
|--|----------------------------------|
| Name(s) shown on return EASTLAND QUARRIES | Identifying number 00-2000004 |
|--|----------------------------------|

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)

| 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 | 01/01/2011 | 06/30/2016 | 162,372 | 37,128 | 260,000 | (60,500) |

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

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

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

6 Gain, if any, from line 32, from other than casualty or theft **6** 4,000

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

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

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you 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** 37,400

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

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

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

17 Combine lines 10 through 16 **17** 37,400

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

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

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

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 | 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 isn't 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 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 smaller of line 24 or 27b | 27c | | | | |
| 28 | If section 1254 property: | | | | | |
| | a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions | 28a | | | | |
| | b Enter the smaller of line 24 or 28a | 28b | | | | |
| 29 | If section 1255 property: | | | | | |
| | a Applicable percentage of payments excluded from income under section 126. See instructions | 29a | | | | |
| | b Enter the smaller of line 24 or 29a. See instructions | 29b | | | | |

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

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

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

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

Form **8308**
(Rev. October 2015)
Department of the Treasury
Internal Revenue Service

Report of a Sale or Exchange of Certain Partnership Interests

OMB No. 1545-0123

► Information about Form 8308 and its instructions is at www.irs.gov/form8308.

| | | |
|---|-------------------------------------|---|
| Name of partnership <u>Eastland Quarries</u> | Phone number <u>555-555-5555</u> | Employer identification number <u>00-2000004</u> |
|---|-------------------------------------|---|

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

2313 Jackson Ave

City or town, state or province, country, and ZIP or foreign postal code

Portland OR 97208

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

| | |
|---------------------------|--|
| Name <u>Peter Teak</u> | Identifying number <u>000-30-0001</u> |
|---------------------------|--|

Number and street (including apt. no.)

34 Washington Ave

City or town, state or province, country, and ZIP or foreign postal 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 <u>Joseph Spruce</u> | Identifying number <u>000-00-0002</u> |
|------------------------------|--|

Number and street (including apt. no.)

5421 North 2100 South

City or town, state or province, country, and ZIP or foreign postal code

Portland OR 97208

Part III Date of Sale or Exchange of Partnership Interest ► 07 / 01 / 2016

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

► 4 / 15 / 2017
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.

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

Social security number or taxpayer identification number
 00-2000004

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

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

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

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

- (D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- (E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
- (F)** Long-term transactions not reported to you on Form 1099-B

| 1 | (a) Description of property (Example: 100 sh. XYZ Co.) | (b) Date acquired (Mo., day, yr.) | (c) Date sold or disposed of (Mo., day, yr.) | (d) Proceeds (sales price) (see instructions) | (e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions | Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. | | (h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g) |
|---|--|---|--|--|--|---|--------------------------------|--|
| | | | | | | (f) Code(s) from instructions | (g) Amount of adjustment | |
| | 1 ACRE LAND | 08/01/2007 | 01/10/2016 | 7,500 | 10,000 | | | (2,500) |
| | | | | | | | | |
| | | | | | | | | |
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| | | | | | | | | |
| 2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ▶ | | | | 7,500 | 10,000 | | | (2,500) |

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