

September 30, 2016

Tax Year 2016
Form 1065 MeF ATS Scenario 5

FORMS REQUIRED:

1040 Sch F, 1065, 1065 Sch C, 1065 Sch K-1 (4), 1065 Sch M-3, 1125-A, 4562 (3), 4797, 6252 (2), 8825, 8454-PE

ATTACHMENTS:

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

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

HEADER INFO:

Tax Period: Calendar Year 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: Self-select
Practitioner PIN: None
PIN Entered by: N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Identifier: **Type:** 1065

Filer: **EIN:** 00-2000005
Business Name: Shoebill Unlimited
Name Control: SHOE
Address: 5551 Elliot Rd
Salt Lake City, UT 84101

Partner: **Name:** David Boxwood
Title: Chief Executive Officer
Taxpayer PIN: N/A
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 04/15/2017

Preparer: **Name:** John Doe
PTIN: P00000005
Phone: 555-631-5555
Email Address: Anymail@email.com
Date Prepared: 04/15/2017
Self Employed: No

OrdinaryIncomeLossFromOtherPartnershipsEstatesAndTrustsStmt

(Ordinary income (loss) from other partnerships, estates, and trusts, Form 1065, Page 1, Line 4)

| Source Type | Business Name | Address | EIN | Amount |
|-------------|-------------------|---------------------------------------|------------|--------|
| | Hummingbird Flies | 275 W Coolidge Ave Boise, ID 83708 | 69-5000005 | 23,712 |

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

| Type | Amount |
|-----------------------------|----------------|
| Cancellation of Debt Income | 478,206 |
| Total | 478,206 |

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

| | |
|-------------------|------------------|
| Insurance | 5,000,000 |
| Permits | 961,480 |
| Professional Fees | 1,500,000 |
| Bank Fees | 1,500,000 |
| Total | 8,961,480 |

ScheduleLOtherCurrentAssetsStatement

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

| Type | BOY Amount | EOY Amount |
|--------------|---------------|------------------|
| Prepaid | 22,700 | 24,300 |
| Investment | 0 | 5,075,978 |
| Total | 22,700 | 5,100,278 |

ScheduleLOtherCurrentLiabilitiesStatement

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

| Description | BOY Amount | EOY Amount |
|------------------|------------------|-------------------|
| Accrued Bonus | 1,500,000 | 2,818,150 |
| Accrued Payroll | 500,000 | 640,000 |
| Deferred Revenue | 5,530,250 | 8,742,300 |
| Total | 7,530,250 | 12,200,450 |

| | | |
|---|---|---|
| Form 1065 Department of the Treasury Internal Revenue Service | U.S. Return of Partnership Income 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 www.irs.gov/form1065 . | OMB No. 1545-0123 2016 |
| A Principal business activity Food Manufacture | Type or Print | D Employer identification number 00-2000005 |
| B Principal product or service Dairy Products | | E Date business started 10/01/1968 |
| C Business code number 311500 | | F Total assets (see the instructions) \$ 71,419,054 |
| Name of partnership SHOEBILL UNLIMITED | | |
| Number, street, and room or suite no. If a P.O. box, see the instructions. 5551 ELLIOT ROAD | | |
| City or town, state or province, country, and ZIP or foreign postal code SALT LAKE CITY UT 84101 | | |

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

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

| | | | | |
|--|---|------------|------------|------------|
| Income | 1a Gross receipts or sales | 47,291,089 | 1a | |
| | b Returns and allowances | | 1b | |
| | c Balance. Subtract line 1b from line 1a | | 1c | 47,291,089 |
| | 2 Cost of goods sold (attach Form 1125-A) | | 2 | 21,882,071 |
| | 3 Gross profit. Subtract line 2 from line 1c | | 3 | 25,409,018 |
| | 4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) | | 4 | 23,712 |
| | 5 Net farm profit (loss) (attach Schedule F (Form 1040)) | | 5 | 636,620 |
| | 6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | 6 | 150,000 |
| 7 Other income (loss) (attach statement) | | 7 | 478,206 | |
| 8 Total income (loss). Combine lines 3 through 7 | | 8 | 26,697,556 | |
| Deductions <small>(see the instructions for limitations)</small> | 9 Salaries and wages (other than to partners) (less employment credits) | | 9 | 804,722 |
| | 10 Guaranteed payments to partners | | 10 | |
| | 11 Repairs and maintenance | | 11 | 17,239 |
| | 12 Bad debts | | 12 | 2,571,330 |
| | 13 Rent | | 13 | 900,022 |
| | 14 Taxes and licenses | | 14 | 44,444 |
| | 15 Interest | | 15 | 912,647 |
| | 16a Depreciation (if required, attach Form 4562) | 162,166 | 16a | |
| | b Less depreciation reported on Form 1125-A and elsewhere on return | | 16b | |
| | 16c | | 16c | 162,166 |
| | 17 Depletion (Do not deduct oil and gas depletion.) | | 17 | |
| | 18 Retirement plans, etc. | | 18 | |
| | 19 Employee benefit programs | | 19 | |
| | 20 Other deductions (attach statement) | | 20 | 8,961,480 |
| 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20. | | 21 | 14,374,050 | |
| 22 Ordinary business income (loss). Subtract line 21 from line 8 | | 22 | 12,323,506 | |

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager: _____ Date: 04/15/2017

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

| | | | | | |
|-------------------------------|--|----------------------|--------------------|---|-------------------|
| Paid Preparer Use Only | Print/Type preparer's name JOHN DOE | Preparer's signature | Date 04/15/2017 | Check <input type="checkbox"/> if self-employed | PTIN P00000005 |
| | Firm's name ▶ ELECTRIC TAX FILERS | | | Firm's EIN ▶ 69-0000098 | |
| | Firm's address ▶ 1065 EFILE DRIVE ANYTOWN NV 89501 | | | Phone no. 555-631-5555 | |

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2016)

Schedule B Other Information

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

| | | | |
|----------|--|---|--|
| 2 | At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person? | ✓ | |
|----------|--|---|--|

| | | | |
|----------|--|--|---|
| 3 | At the end of the tax year: | | |
| a | Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, 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 | ▶ MODERN MODFILE | Identifying number of TMP | ▶ 000-05-0005 |
| If the TMP is an entity, name of TMP representative | ▶ MATTHEW SMITH | Phone number of TMP | ▶ 555-455-1212 |
| Address of designated TMP | ▶ 2525 N LOOP EFILE MELROSE AK 99502 | | |

| Schedule K Partners' Distributive Share Items | | Total amount | |
|---|--|---------------------|------------|
| Income (Loss) | 1 Ordinary business income (loss) (page 1, line 22) | 1 | 12,323,506 |
| | 2 Net rental real estate income (loss) (attach Form 8825) | 2 | 879,405 |
| | 3a Other gross rental income (loss) | 3a | 150,000 |
| | b Expenses from other rental activities (attach statement) | 3b | |
| | c Other net rental income (loss). Subtract line 3b from line 3a | 3c | 150,000 |
| | 4 Guaranteed payments | 4 | |
| | 5 Interest income | 5 | 771,604 |
| | 6 Dividends: a Ordinary dividends | 6a | |
| | b Qualified dividends | 6b | |
| | 7 Royalties | 7 | 849,949 |
| | 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) | 8 | |
| 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) | 9a | | |
| b Collectibles (28%) gain (loss) | 9b | | |
| c Unrecaptured section 1250 gain (attach statement) | 9c | | |
| 10 Net section 1231 gain (loss) (attach Form 4797) | 10 | 475,950 | |
| 11 Other income (loss) (see instructions) Type ▶ | 11 | | |
| Deductions | 12 Section 179 deduction (attach Form 4562) | 12 | |
| | 13a Contributions | 13a | |
| | b Investment interest expense | 13b | |
| | c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ | 13c(2) | |
| d Other deductions (see instructions) Type ▶ | 13d | | |
| Self-Employment | 14a Net earnings (loss) from self-employment | 14a | 12,323,506 |
| | b Gross farming or fishing income | 14b | 2,950,820 |
| | c Gross nonfarm income | 14c | 25,910,936 |
| 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 | 800,000 |
| | b Adjusted gain or loss | 17b | |
| | c Depletion (other than oil and gas) | 17c | |
| | d Oil, gas, and geothermal properties—gross income | 17d | |
| | e Oil, gas, and geothermal properties—deductions | 17e | |
| | f Other AMT items (attach statement) | 17f | |
| Other Information | 18a Tax-exempt interest income | 18a | |
| | b Other tax-exempt income | 18b | |
| | c Nondeductible expenses | 18c | |
| | 19a Distributions of cash and marketable securities | 19a | |
| | b Distributions of other property | 19b | |
| | 20a Investment income | 20a | 1,771,604 |
| b Investment expenses | 20b | | |
| c Other items and amounts (attach statement) | | | |

Analysis of Net Income (Loss)

| | | | | | | | |
|----------|---|---------------|--------------------------|----------------------------|------------------|-------------------------|--------------------|
| 1 | Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l | | | | | 1 | 15,450,414 |
| 2 | Analysis by partner type: | (i) Corporate | (ii) Individual (active) | (iii) Individual (passive) | (iv) Partnership | (v) Exempt Organization | (vi) Nominee/Other |
| a | General partners | | | 3,862,604 | | | |
| b | Limited partners | | 7,725,204 | | 3,862,602 | | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|--|--|-----------------------|------------|-----------------|------------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 700,440 | | 25,330 |
| 2a | Trade notes and accounts receivable | 4,999,222 | | 16,488,999 | |
| b | Less allowance for bad debts | 809,111 | 4,190,111 | 1,288,222 | 15,200,777 |
| 3 | Inventories | | 27,126,200 | | 18,204,529 |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach statement) | | 22,700 | | 5,100,278 |
| 7a | Loans to partners (or persons related to partners) | | | | |
| b | Mortgage and real estate loans | | | | |
| 8 | Other investments (attach statement) | | | | |
| 9a | Buildings and other depreciable assets | 22,500,030 | | 24,785,827 | |
| b | Less accumulated depreciation | 2,200,030 | 20,300,000 | 2,435,217 | 22,350,610 |
| 10a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 11 | Land (net of any amortization) | | 8,774,228 | | 10,537,530 |
| 12a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 13 | Other assets (attach statement) | | | | |
| 14 | Total assets | | 61,113,679 | | 71,419,054 |
| Liabilities and Capital | | | | | |
| 15 | Accounts payable | | 3,100,377 | | 3,987,244 |
| 16 | Mortgages, notes, bonds payable in less than 1 year | | | | 20,317,292 |
| 17 | Other current liabilities (attach statement) | | 7,530,250 | | 12,200,450 |
| 18 | All nonrecourse loans | | | | |
| 19a | Loans from partners (or persons related to partners) | | | | |
| b | Mortgages, notes, bonds payable in 1 year or more | | 32,908,075 | | |
| 20 | Other liabilities (attach statement) | | | | |
| 21 | Partners' capital accounts | | 17,574,976 | | 34,914,067 |
| 22 | Total liabilities and capital | | 61,113,678 | | 71,419,053 |

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 | 17,574,976 | 6 | Distributions: a Cash | |
| 2 | Capital contributed: a Cash | 500,000 | b Property | | |
| | b Property | | 7 | Other decreases (itemize): | |
| 3 | Net income (loss) per books | 16,839,091 | 8 | Add lines 6 and 7 | |
| 4 | Other increases (itemize): | 34,914,067 | 9 | Balance at end of year. Subtract line 8 from line 5 | 34,914,067 |
| 5 | Add lines 1 through 4 | | | | |

SCHEDULE F (Form 1040)

Profit or Loss From Farming

OMB No. 1545-0074

2016

Attachment Sequence No. 14

Department of the Treasury Internal Revenue Service (99)

Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B. Information about Schedule F and its separate instructions is at www.irs.gov/schedulef.

Name of proprietor: Browns Cowns. Social security number (SSN): 690000025. Principal crop or activity: Dairy Cattle. Accounting method: Cash. Employer ID number (EIN): 690000025.

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

Table with 9 rows and 3 columns. Row 1a: Sales of livestock and other resale items (135,960). Row 1b: Cost or other basis of livestock (65,230). Row 1c: Subtract line 1b from line 1a (70,730). Row 2: Sales of livestock, produce, grains, and other products you raised (2,630,180). Row 3a: Cooperative distributions (11,450). Row 3b: Taxable amount (11,450). Row 4a: Agricultural program payments (67,810). Row 4b: Taxable amount (67,810). Row 5a: Commodity Credit Corporation (CCC) loans reported under election (6,650). Row 5c: Taxable amount (6,650). Row 6a: Crop insurance proceeds and federal crop disaster payments received in 2016. Row 6b: Taxable amount. Row 6d: Amount deferred from 2015. Row 7: Custom hire (machine work) income (12,580). Row 8: Other income, including federal and state gasoline or fuel tax credit or refund (1,420). Row 9: Gross income (2,800,820).

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

Table with 32 rows and 3 columns. Rows 10-22 list various expenses: Car and truck (49,640), Chemicals (67,810), Conservation (80,550), Depreciation (338,370), Employee benefit programs, Feed (508,140), Fertilizers and lime (65,440), Freight and trucking (37,130), Gasoline, fuel, and oil (62,160), Insurance (33,620), Interest (Mortgage 31,750; Other 77,380), Labor hired (263,680), Pension and profit-sharing plans, Rent or lease (Vehicles 96,600; Other 135,040), Repairs and maintenance (58,750), Seeds and plants (11,680), Storage and warehousing (74,330), Supplies (32,010), Taxes (55,040), Utilities (85,080), Veterinary, breeding, and medicine, and Other expenses (32a-32f).

Row 33: Total expenses (2,164,200). Row 34: Net farm profit or (loss) (636,620).

Row 35: Did you receive an applicable subsidy in 2016? (No). Row 36: Check the box that describes your investment in this activity and see instructions for where to report your loss. (a) All investment is at risk. (b) Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2016

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

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

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

Part IV Principal Agricultural Activity Codes



Do not file Schedule F (Form 1040) to report the following.

- Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).
- Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead file Form 4797.

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

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

Crop Production

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

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

Animal Production

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

Forestry and Logging

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

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

OMB No. 1545-1186

▶ See instructions on back.

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

Name: **Shoebill Unlimited** Employer identification number: **00-2000005**

| 1 | Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties. | | | |
|----------|--|--|------------------|-------------------|
| | Physical address of each property—street, city, state, ZIP code | Type—Enter code 1-8; see page 2 for list | Fair Rental Days | Personal Use Days |
| A | 1201 New File Ave Modern UT 84101 | Commercial | 365 | |
| B | | | | |
| C | | | | |
| D | | | | |

| | | Properties | | | | | |
|------------|--|------------------------------------|---------------|---|---|--|--|
| | | A | B | C | D | | |
| 2 | Rental Real Estate Income Gross rents | 2 | 7,381,514 | | | | |
| 3 | Rental Real Estate Expenses Advertising | 3 | 4,230 | | | | |
| 4 | Auto and travel | 4 | | | | | |
| 5 | Cleaning and maintenance | 5 | 7,135 | | | | |
| 6 | Commissions | 6 | 21,300 | | | | |
| 7 | Insurance | 7 | 155,940 | | | | |
| 8 | Legal and other professional fees | 8 | 38,342 | | | | |
| 9 | Interest | 9 | 406,581 | | | | |
| 10 | Repairs | 10 | 3,220 | | | | |
| 11 | Taxes | 11 | 5,704 | | | | |
| 12 | Utilities | 12 | 7,311 | | | | |
| 13 | Wages and salaries | 13 | 126,211 | | | | |
| 14 | Depreciation (see instructions) | 14 | 5,726,135 | | | | |
| 15 | Other (list) ▶ | 15 | | | | | |
| 16 | Total expenses for each property. Add lines 3 through 15 | 16 | 6,502,109 | | | | |
| 17 | Income or (Loss) from each property. Subtract line 16 from line 2 | 17 | 879,405 | | | | |
| 18a | Total gross rents. Add gross rents from line 2, columns A through H | 18a | 7,381,514 | | | | |
| 18b | Total expenses. Add total expenses from line 16, columns A through H | 18b | (6,502,109) | | | | |
| 19 | Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities | 19 | | | | | |
| 20a | Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) | 20a | | | | | |
| b | Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: | | | | | | |
| | (1) Name | (2) Employer identification number | | | | | |
| | _____ | _____ | | | | | |
| | _____ | _____ | | | | | |
| 21 | Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4 | 21 | 879,405 | | | | |

| | | | | |
|----------|--|---|------------------|-------------------|
| 1 | Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. | | | |
| | Physical address of each property—street, city, state, ZIP code | Type—Enter code 1-8; see below for list | Fair Rental Days | Personal Use Days |
| E | ..... | ..... | ..... | ..... |
| F | ..... | ..... | ..... | ..... |
| G | ..... | ..... | ..... | ..... |
| H | ..... | ..... | ..... | ..... |

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

Allowable Codes for Type of Property

- 1—Single Family Residence
- 2—Multi-Family Residence
- 3—Vacation or Short-Term Rental
- 4—Commercial
- 5—Land
- 6—Royalties
- 7—Self-Rental
- 8—Other (include description with the code on Form 8825 or on a separate statement)

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 Shoebill Unlimited | | Employer identification number 00-2000005 | |
| 1 | Inventory at beginning of year | 1 | 27,126,200 |
| 2 | Purchases | 2 | 12,960,400 |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | 40,086,600 |
| 7 | Inventory at end of year | 7 | 18,204,529 |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions | 8 | 21,882,071 |
| 9a | Check all methods used for valuing closing inventory: (i) <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 31, 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 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

Shoebill Unlimited

Employer identification number

00-2000005

| | | 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 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.

Part I Information About the Partnership

Part I Information About the Partnership: A Partnership's employer identification number 00-2000005; B Partnership's name, address, city, state, and ZIP code: Shoebill Unlimited, 5551 Elliot Road, Salt Lake City UT 84101; C IRS Center where partnership filed return: OGDEN; D Check if this is a publicly traded partnership (PTP) []

Part II Information About the Partner

Part II Information About the Partner: E Partner's identifying number 000-40-0001; F Partner's name, address, city, state, and ZIP code: David Boxwood, 348 Nixon Circle, Boise ID 83708; G [X] General partner or LLC member-manager; H [X] Domestic partner; I1 What type of entity is this partner? INDIVIDUAL; I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here []; J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit 25% 25% Loss 25% 25% Capital 25% 25%; K Partner's share of liabilities at year end: Nonrecourse \$ Qualified nonrecourse financing \$ Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 4,393,744; Capital contributed during the year \$ 125,000; Current year increase (decrease) \$ 4,209,773; Withdrawals & distributions \$ (); Ending capital account \$ 8,728,517; [] Tax basis [X] GAAP [] Section 704(b) book; [] Other (explain); M Did the partner contribute property with a built-in gain or loss? [] Yes [X] No If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items. Table with 3 columns: Line number, Description, and Amount. Rows include: 1 Ordinary business income (loss) 15 Credits 3,080,877; 2 Net rental real estate income (loss) 219,851; 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 192,901; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties 212,487; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items A 200,000; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses 118,988; 11 Other income (loss); 12 Section 179 deduction; 13 Other deductions 20 Other information A 442,901; 14 Self-employment earnings (loss) A 3,080,877; B 737,705 C 6,477,734

*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.

Part I Information About the Partnership

Part I Information About the Partnership: A Partnership's employer identification number 00-2000005; B Partnership's name, address, city, state, and ZIP code Shoebill Unlimited 5551 Elliot Road Salt Lake City UT 84101; C IRS Center where partnership filed return OGDEN; D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

Part II Information About the Partner: E Partner's identifying number 000-40-0002; F Partner's name, address, city, state, and ZIP code Joshua Plum 2894 N 6352 South Reno NV 89510; G General partner or LLC member-manager (unchecked) Limited partner or other LLC member (checked); H Domestic partner (checked) Foreign partner (unchecked); I1 What type of entity is this partner? INDIVIDUAL; I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (unchecked); J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit 25% 25% Loss 25% 25% Capital 25% 25%; K Partner's share of liabilities at year end: Nonrecourse \$ Qualified nonrecourse financing \$ Recourse \$; L Partner's capital account analysis: Beginning capital account \$ 4,393,744 Capital contributed during the year \$ 125,000 Current year increase (decrease) \$ 4,209,773 Withdrawals & distributions \$ () Ending capital account \$ 8,728,517; M Did the partner contribute property with a built-in gain or loss? Yes (unchecked) No (checked) If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items. Table with 3 columns: Line number, Description, and Amount. Includes rows for Ordinary business income (loss) 3,080,876, Net rental real estate income (loss) 219,851, Other net rental income (loss) 37,500, Guaranteed payments, Interest income 192,901, Ordinary dividends, Qualified dividends, Royalties 212,487, Net short-term capital gain (loss), Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items A 200,000, Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses 118,987, Other income (loss), Section 179 deduction, Other deductions 20 Other information A 442,901, Self-employment earnings (loss) A 3,080,876 B 737,705 C 6,477,734

*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
00-2000005

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

C IRS Center where partnership filed return
OGDEN

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

Part II Information About the Partner

E Partner's identifying number
000-40-0003

F Partner's name, address, city, state, and ZIP code
Tony Cypress
4810 South 19 West
San Francisco CA 94104

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

H Domestic partner Foreign partner

I1 What type of entity is this partner? INDIVIDUAL

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

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

| | Beginning | Ending |
|---------|-----------|--------|
| Profit | 25 % | 25 % |
| Loss | 25 % | 25 % |
| Capital | 25 % | 25 % |

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing . . . \$ _____

Recourse \$ _____

L Partner's capital account analysis:

| | | |
|---|------|-----------------------------|
| Beginning capital account | \$ | <u>4,393,744</u> |
| Capital contributed during the year | \$ | <u>125,000</u> |
| Current year increase (decrease) | \$ | <u>4,209,773</u> |
| Withdrawals & distributions | \$ (| <u> </u>) |
| Ending capital account | \$ | <u>8,728,517</u> |

Tax basis GAAP Section 704(b) book

Other (explain)

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

| Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items | | | |
|---|--------------------------------------|----|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 3,080,877 | | |
| 2 | Net rental real estate income (loss) | | |
| | 219,852 | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| | 37,500 | | |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| | 192,901 | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| | 212,488 | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | | A 200,000 |
| 9b | Collectibles (28%) gain (loss) | | |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| | 118,988 | | |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | | |
| 13 | Other deductions | | |
| | | 19 | Distributions |
| | | | |
| | | 20 | Other information |
| | | | A 442,901 |
| 14 | Self-employment earnings (loss) | | |
| | A 3,080,877 | | |
| | B 737,705 | | C 6,477,734 |

*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
00-2000005

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

C IRS Center where partnership filed return
OGDEN

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

Part II Information About the Partner

E Partner's identifying number
69-5000005

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

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

H Domestic partner Foreign partner

I1 What type of entity is this partner? PARTNERSHIP

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

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

| | Beginning | Ending |
|---------|-----------|--------|
| Profit | 25 % | 25 % |
| Loss | 25 % | 25 % |
| Capital | 25 % | 25 % |

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

| | | |
|---|------|-----------------------------|
| Beginning capital account | \$ | <u>4,393,744</u> |
| Capital contributed during the year | \$ | <u>125,000</u> |
| Current year increase (decrease) | \$ | <u>4,209,772</u> |
| Withdrawals & distributions | \$ (| <u> </u>) |
| Ending capital account | \$ | <u>8,728,516</u> |

Tax basis GAAP Section 704(b) book

Other (explain)

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

| Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items | | | |
|--|--------------------------------------|-----------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 3,080,876 | | |
| 2 | Net rental real estate income (loss) | | |
| | 219,851 | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| | 37,500 | | |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| | 192,901 | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| | 212,487 | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | | A 200,000 |
| 9b | Collectibles (28%) gain (loss) | | |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| | 118,987 | | |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | | |
| 13 | Other deductions | | |
| | | 19 | Distributions |
| 14 | Self-employment earnings (loss) | | |
| | A 3,080,876 | | |
| | B 737,705 | | |
| | C 6,477,734 | | |
| | | 20 | Other information |
| | | | A 442,901 |

*See attached statement for additional information.

For IRS Use Only

SCHEDULE M-3 (Form 1065)

Net Income (Loss) Reconciliation for Certain Partnerships

OMB No. 1545-0123

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

Shoebill Unlimited

Employer identification number

00-2000005

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 [x] 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 (4a-11) and Amount. Line 4a: 14,527,042. Line 11: 14,527,042.

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. Total Assets: 71,419,054. Total Liabilities: 36,504,982.

| | |
|---|--|
| Name of partnership Shoebill Unlimited | Employer identification number 00-2000005 |
|---|--|

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 | 23,712 | | | 23,712 |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | () | | | () |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21a | 150,000 | | | |
| b | | | | |
| c | | | | 150,000 |
| d | | | | |
| e | | | | |
| f | | | | |
| g | | | | |
| 22 | | | | |
| 23 | 173,712 | | | 173,712 |
| 24 | (1,846,744) | | 923,372 | (923,372) |
| 25 | 16,200,074 | | | 16,200,074 |
| 26 | 14,527,042 | | 923,372 | 15,450,414 |

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 Shoebill Unlimited | Employer identification number 00-2000005 |
|--|---|

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 | 1,846,744 | | (923,372) | 923,372 |
| 6 Meals and entertainment | | | | |
| 7 Fines and penalties | | | | |
| 8 Judgments, damages, awards, and similar costs | | | | |
| 9 Guaranteed payments | | | | |
| 10 Pension and profit-sharing | | | | |
| 11 Other post-retirement benefits | | | | |
| 12 Deferred compensation | | | | |
| 13 Charitable contribution of cash and tangible property | | | | |
| 14 Charitable contribution of intangible property | | | | |
| 15 Organizational expenses as per Regulations section 1.709-2(a) | | | | |
| 16 Syndication expenses as per Regulations section 1.709-2(b) | | | | |
| 17 Current year acquisition/reorganization investment banking fees | | | | |
| 18 Current year acquisition/reorganization legal and accounting fees | | | | |
| 19 Amortization/impairment of goodwill | | | | |
| 20 Amortization of acquisition, reorganization, and start-up costs | | | | |
| 21 Other amortization or impairment write-offs | | | | |
| 22 Reserved | | | | |
| 23a Depletion—Oil & Gas | | | | |
| b Depletion—Other than Oil & Gas | | | | |
| 24 Intangible drilling & development costs | | | | |
| 25 Depreciation | | | | |
| 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 | 1,846,744 | | (923,372) | 923,372 |

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 SHOEBILL UNLIMITED | Business or activity to which this form relates DAIRY PRODUCT MFG | Identifying number 00-2000005 |
|--|---|---|

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 | 22,361 |
| 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 | 131,190 |
| 18 | If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> | | |

Section B—Assets Placed in Service During 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 | 6,120 | 3 | HY | S/L | 1,020 |
| b | 5-year property | 29,304 | 5 | HY | 200 DB | 5,861 |
| c | 7-year property | 10,885 | 7 | HY | 200 DB | 1,555 |
| d | 10-year property | | | | | |
| e | 15-year property | | | | | |
| f | 20-year property | | | | | |
| g | 25-year property | | 25 yrs. | | S/L | |
| h | Residential rental property | | 27.5 yrs. | MM | S/L | |
| i | Nonresidential real property | 9,856 | 39 yrs. | MM | S/L | 179 |

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 | |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions | 22 | 162,166 |
| 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)

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? 24b If "Yes," is the evidence written?

Table with 10 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

Section B—Information on Use of Vehicles

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

Table with 6 main columns for vehicles (a-f) and 6 rows of questions (30-36) regarding miles driven and personal use availability.

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).

Table with 2 columns (Yes/No) and 5 rows of questions (37-41) regarding written policies and requirements for vehicle use by employees.

Part VI Amortization

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

Form **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 SHOEBILL UNLIMITED | Business or activity to which this form relates DAIRY PRODUCT MFG | Identifying number 00-2000005 |
|--|---|---|

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 |
| 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 | 338,370 |
| 18 | If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> | | |

Section B—Assets Placed in Service During 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 | | | | | |
| c | 7-year property | | | | | |
| d | 10-year property | | | | | |
| e | 15-year property | | | | | |
| f | 20-year property | | | | | |
| g | 25-year property | | 25 yrs. | | S/L | |
| h | Residential rental property | | 27.5 yrs. | MM | S/L | |
| i | Nonresidential real property | | 27.5 yrs. | MM | S/L | |
| | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |

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

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2016)

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? 24b If "Yes," is the evidence written?

Table with 10 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

Section B—Information on Use of Vehicles

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

Table with 6 main columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Rows 30-36 covering miles driven and personal use availability.

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).

Table with 2 columns: Yes, No. Rows 37-41 covering policy statements and requirements for vehicle use.

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

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

Form **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 SHOEBILL UNLIMITED | Business or activity to which this form relates DAIRY PRODUCT MFG | Identifying number 00-2000005 |
|--|---|---|

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 |
| 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 | 5,075,260 |
| 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> | | |

Section B—Assets Placed in Service During 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 | | 2,642,388 | 5 | HY | 200 DB | 528,478 |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | | | 27.5 yrs. | MM | S/L | |
| | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |

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

| | | | | | | |
|-----------------------|--|-----------|---------|----|-----|---------|
| 20a Class life | | | | | S/L | |
| b 12-year | | 2,935,176 | 12 yrs. | | S/L | 122,397 |
| c 40-year | | | 40 yrs. | MM | S/L | |

Part IV Summary (See instructions.)

| | | |
|--|-----------|-----------|
| 21 Listed property. Enter amount from line 28 | 21 | |
| 22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions | 22 | 5,726,135 |
| 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)

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? 24b If "Yes," is the evidence written?

Table with 10 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

Section B—Information on Use of Vehicles

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

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

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

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

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

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

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

Form **4797**

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

OMB No. 1545-0184

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 SHOEBILL UNLIMITED | Identifying number 00-2000005 |
|---|----------------------------------|

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) |
|----------|------------------------------------|--|--------------------------------------|------------------------------|--|---|--|
| | | | | | | | |

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

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

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

6 Gain, if any, from line 32, from other than casualty or theft **6** 2,550,000

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **7** 2,787,975

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

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you 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** 150,000

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

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 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 | SEE FORM 6252 | 04/30/2015 | 06/30/2016 | | |
| B | | | | | |
| C | | | | | |
| D | | | | | |
| These columns relate to the properties on lines 19A through 19D. ▶ | | Property A | Property B | Property C | Property D |
| 20 | Gross sales price (Note: See line 1 before completing.) | 20 | 3,150,000 | | |
| 21 | Cost or other basis plus expense of sale | 21 | 600,000 | | |
| 22 | Depreciation (or depletion) allowed or allowable | 22 | 150,000 | | |
| 23 | Adjusted basis. Subtract line 22 from line 21. | 23 | 450,000 | | |
| 24 | Total gain. Subtract line 23 from line 20 | 24 | 2,700,000 | | |
| 25 | If section 1245 property: | | | | |
| a | Depreciation allowed or allowable from line 22 | 25a | 150,000 | | |
| b | Enter the smaller of line 24 or 25a | 25b | 150,000 | | |
| 26 | If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291. | | | | |
| a | Additional depreciation after 1975. See instructions | 26a | | | |
| b | Applicable percentage multiplied by the smaller of line 24 or line 26a. See instructions | 26b | | | |
| c | Subtract line 26a from line 24. If residential rental property or line 24 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 | 2,700,000 |
| 31 | Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 | 31 | 150,000 |
| 32 | Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 32 | 2,550,000 |

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 **6252**
Department of the Treasury
Internal Revenue Service
Name(s) shown on return
Shoebill Unlimited

Installment Sale Income

▶ **Attach to your tax return.**
▶ **Use a separate form for each sale or other disposition of property on the installment method.**
▶ **Information about Form 6252 and its instructions is at www.irs.gov/form6252.**

OMB No. 1545-0228

2016
Attachment
Sequence No. **79**

Identifying number
00-2000005

- 1** Description of property ▶ Equipment from bottling machining
- 2a** Date acquired (mm/dd/yyyy) ▶ 04/30/2015 **b** Date sold (mm/dd/yyyy) ▶ 06/30/2016
- 3** Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4 Yes No
- 4** Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale Yes No

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

| | | | |
|-----------|---|-----------|-----------|
| 5 | Selling price including mortgages and other debts. Don't include interest, whether stated or unstated | 5 | 3,150,000 |
| 6 | Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions) | 6 | |
| 7 | Subtract line 6 from line 5 | 7 | 3,150,000 |
| 8 | Cost or other basis of property sold | 8 | 600,000 |
| 9 | Depreciation allowed or allowable | 9 | 150,000 |
| 10 | Adjusted basis. Subtract line 9 from line 8 | 10 | 450,000 |
| 11 | Commissions and other expenses of sale | 11 | |
| 12 | Income recapture from Form 4797, Part III (see instructions) | 12 | |
| 13 | Add lines 10, 11, and 12 | 13 | 450,000 |
| 14 | Subtract line 13 from line 5. If zero or less, don't complete the rest of this form (see instructions) | 14 | 2,700,000 |
| 15 | If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0- | 15 | 0 |
| 16 | Gross profit. Subtract line 15 from line 14 | 16 | 2,700,000 |
| 17 | Subtract line 13 from line 6. If zero or less, enter -0- | 17 | 0 |
| 18 | Contract price. Add line 7 and line 17 | 18 | 3,150,000 |

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

| | | | |
|-----------|--|-----------|---------|
| 19 | Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after the year of sale, see instructions | 19 | 0.80952 |
| 20 | If this is the year of sale, enter the amount from line 17. Otherwise, enter -0- | 20 | |
| 21 | Payments received during year (see instructions). Don't include interest, whether stated or unstated | 21 | |
| 22 | Add lines 20 and 21 | 22 | |
| 23 | Payments received in prior years (see instructions). Don't include interest, whether stated or unstated | 23 | |
| 24 | Installment sale income. Multiply line 22 by line 19 | 24 | |
| 25 | Enter the part of line 24 that is ordinary income under the recapture rules (see instructions) | 25 | |
| 26 | Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) | 26 | |

Part III Related Party Installment Sale Income. **Don't** complete if you received the final payment this tax year.

- 27** Name, address, and taxpayer identifying number of related party _____
- 28** Did the related party resell or dispose of the property ("second disposition") during this tax year? Yes No
- 29** If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.
 - a** The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (mm/dd/yyyy). . . . ▶ _____
 - b** The first disposition was a sale or exchange of stock to the issuing corporation.
 - c** The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.
 - d** The second disposition occurred after the death of the original seller or buyer.
 - e** It can be established to the satisfaction of the IRS that tax avoidance wasn't a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).
- 30** Selling price of property sold by related party (see instructions)
- 31** Enter contract price from line 18 for year of first sale
- 32** Enter the **smaller** of line 30 or line 31
- 33** Total payments received by the end of your 2016 tax year (see instructions)
- 34** Subtract line 33 from line 32. If zero or less, enter -0-
- 35** Multiply line 34 by the gross profit percentage on line 19 for year of first sale
- 36** Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)
- 37** Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)

Form **6252**
Department of the Treasury
Internal Revenue Service
Name(s) shown on return
Shoebill Unlimited

Installment Sale Income

OMB No. 1545-0228

2016
Attachment
Sequence No. **79**

▶ **Attach to your tax return.**
▶ **Use a separate form for each sale or other disposition of property on the installment method.**
▶ **Information about Form 6252 and its instructions is at www.irs.gov/form6252.**

Identifying number
00-2000005

- 1** Description of property ▶ Pasteurizer
- 2a** Date acquired (mm/dd/yyyy) ▶ 01/01/1984 **b** Date sold (mm/dd/yyyy) ▶ 06/30/2015
- 3** Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4 Yes No
- 4** Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale Yes No

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

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

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

| | | | |
|-----------|--|-----------|-----------|
| 19 | Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after the year of sale, see instructions | 19 | 0.42018 |
| 20 | If this is the year of sale, enter the amount from line 17. Otherwise, enter -0- | 20 | |
| 21 | Payments received during year (see instructions). Don't include interest, whether stated or unstated | 21 | 566,365 |
| 22 | Add lines 20 and 21 | 22 | 566,365 |
| 23 | Payments received in prior years (see instructions). Don't include interest, whether stated or unstated | 23 | 1,000,001 |
| 24 | Installment sale income. Multiply line 22 by line 19 | 24 | 237,975 |
| 25 | Enter the part of line 24 that is ordinary income under the recapture rules (see instructions) | 25 | |
| 26 | Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) | 26 | 237,975 |

Part III Related Party Installment Sale Income. **Don't** complete if you received the final payment this tax year.

- 27** Name, address, and taxpayer identifying number of related party _____
- 28** Did the related party resell or dispose of the property ("second disposition") during this tax year? Yes No
- 29** If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.
 - a** The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (mm/dd/yyyy). ▶ _____
 - b** The first disposition was a sale or exchange of stock to the issuing corporation.
 - c** The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.
 - d** The second disposition occurred after the death of the original seller or buyer.
 - e** It can be established to the satisfaction of the IRS that tax avoidance wasn't a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).
- 30** Selling price of property sold by related party (see instructions)
- 31** Enter contract price from line 18 for year of first sale
- 32** Enter the **smaller** of line 30 or line 31
- 33** Total payments received by the end of your 2016 tax year (see instructions)
- 34** Subtract line 33 from line 32. If zero or less, enter -0-
- 35** Multiply line 34 by the gross profit percentage on line 19 for year of first sale
- 36** Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)
- 37** Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)