

September 22, 2017

VIA U.S. MAIL/EMAIL

kenneth.petruzzelli@waterboards.ca.gov

Kenneth Petruzzelli
State Water Resources Control Board
801 K Street, 23rd Floor
Sacramento, CA 95814

Re: Additional Information with Regard to the Coles' Inability to Pay and Quarterly Progress Report

Dear Mr. Petruzzelli:

On January 4, 2017, as part of the quarterly progress report submitted on behalf of Douglas and Heidi Cole (the "Coles"), owners and operators of Marble Mountain Ranch ("Ranch"), the Coles' financial information demonstrating their lack of ability to pay for improvements at the Ranch was provided. To date, they have received no response to that submission. Please find attached to this letter as **Exhibit A**, the Coles' personal and business tax returns for 2016, demonstrating their continued inability to fund the required reports and improvements under Cleanup and Abatement Order R1-2016-0031 ("CAO") and Draft Order WR 2017-00XX-DWR ("Draft Order," collectively, "Orders"). Beyond the Coles inability to pay, please find detailed below the Coles' quarterly progress report for September 30, 2017, as required under the Orders.

Current Status of Regulatory Approvals

The Coles continue to seek to implement improvements at the Ranch that comply with the requirements under the Orders. To that end, they have submitted a report of waste discharge to the Central Valley Regional Water Quality Control Board to implement a proposed improvement at the outfall of Irving Creek. Moving forward on that proposed project is impossible while the Coles remain without a response to their proposal. Once approved, the Coles will complete one of the elements of the CAO, improving the Irving Creek outfall to avoid any future erosion impacts as recommended by their consultant, Rocco Fiori, and supported by his report issued on April 4, 2017.

As discussed above, the Coles have received no response to their demonstrated lack of financial resources to implement any of these projects. The steps they have taken so far and their efforts to comply with the National Marine Fisheries Service's ("NMFS") recommended bypass flow, have proven incredibly costly, as demonstrated in the financial information attached as **Exhibit A**. During low flow periods, the Coles voluntarily reduce the amount of water they divert to comply with the NMFS bypass flow recommendation. The Coles' voluntary reduction in the amount of water they divert in no way demonstrates any intention to waive any of their established 3 cfs pre-1914 water right. As a consequence, the Coles are unable to operate their Pelton wheel to generate hydroelectric power. Instead, they must rely on their diesel-powered generator. Running the diesel generator costs thousands of dollars a month that the Coles would not otherwise have to expend. These costs could be redirected to implementing improvements at the Ranch if the Coles could move forward on the proposed improvements to the Irving Creek outfall.

Current Status of the Ranch

Throughout the summer, the Coles have experienced another active fire season. They have had two evacuation orders issued and have provided resources to and acted as a staging area for crews fighting those fires. During this time, crews have used the diversion to pump water into fire trucks for fire suppression activities and have been stationed at the Ranch to help protect Ranch resources. The fires have come within one half (1/2) mile of the Ranch, but based on the fire break of the diversion and the Coles' management of the Ranch, they have not experienced any losses thus far. The fires that have impacted the Ranch continue to burn and remain not fully contained.¹ The Haypress Fire, one of the fires included within the larger "Orleans Complex Fire" is one of the least contained and is located the closest to the Ranch.² The United States Forest Services ("USFS") has been in discussion with the Coles to determine whether the Ranch could serve as a camp for fire fighters, but the USFS has not yet retained the Coles' services.

Ongoing Efforts to Implement Improvements at the Ranch

Beyond the outstanding approvals the Coles seek to implement some of their proposed improvements, the Coles have continued to move forward in their efforts to identify and retain an engineer to assist them with piping or lining the diversion for at least the first one thousand (1,000) feet of the diversion. The estimate for the engineering work alone is nearly forty-five thousand dollars (\$45,000). Please find attached as **Exhibit B**, estimates for the engineering from KASL Consulting Engineers.

¹ United States Forest Service, Inciweb, Orleans Complex Fire (Sept. 21, 2017) <<https://inciweb.nwcg.gov/incident/5430/>>.

² United States Forest Service, Inciweb, Orleans Complex Fire (Sept. 21, 2017) <<https://inciweb.nwcg.gov/incident/5430/>>.

Instead, the Coles endeavor to ensure that there are no impacts to waters of the state from their diversion by applying diversion management practices that have been reviewed and approved by their consultant, Rocco Fiori. These management practices include shutting down the diversion during storm surges to avoid any ditch failures or overtopping and continuous inspection and maintenance of the diversion to address any shifts or blockages caused by storms, downed trees or other impacts from the surrounding forest. These management practices were proven successful during the unusually wet 2016-2017 winter season. The Coles anticipate continuing these management practices through the 2017-2018 winter season with the same result.

Further, the Coles' voluntary reduction in the amount of water they divert during low flow periods, another diversion management practice the Coles have implemented and continue to implement during the current low flow periods, ensures that the NMFS recommended bypass flow is present at Stanshaw Creek. This practice is costly since the Coles must rely on their diesel generator, but it ensures that there is water available for all users in the Stanshaw Creek system. The Coles remain committed to being a partner in the Stanshaw Creek system, and the larger Klamath Basin, but lack the financial wherewithal to implement the larger projects required under the Orders. This has been and remains the Coles' position throughout the over twenty (20) year negotiation process that had, for a majority of that time, been focused on establishing the Coles' pre-1914 3 cfs water right. Once that right was established in 2015, the Coles have been met with mandates and requirements, rather than negotiation.

Future Potential Actions

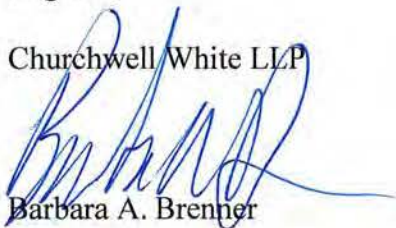
Currently, the Coles are involved in the busiest part of their tourist season and are concurrently preparing their defense of their water right at the public hearing for the Draft Order presently scheduled for November 13, 2017. Any next steps the Coles take to address the diversion at the Ranch depend on the outcome of that hearing. Where the State Water Resources Control Board determines that the Coles' established pre-1914 3 cfs water right be reduced, the Coles will be unable to continue operating their business, and any determination to reduce the diversion will likely render the Ranch valueless. Therefore, the Coles await the outcome of the hearing to guide their next steps in implementing resource improvements at the Ranch.

Kenneth Petruzzelli
September 22, 2017
Page 4 of 4

Please contact me at barbara@churchwellwhite.com or (916) 468-0625 if you have any questions or concerns.

Regards,

Churchwell/White LLP



Barbara A. Brenner
KAF/dmg

Enclosures

(via email, w/encls.)

cc: John O'Hagan (john.ohagan@waterboards.ca.gov)
Shin-Roei Lee (shin-roei.lee@waterboards.ca.gov)
Stormer Feiler (stormer.feiler@waterboards.ca.gov)

EXHIBT A

Caution: Forms printed from within Adobe Acrobat products may not meet IRS or state taxing agency specifications. When using Acrobat 9.x products and later products, select "None" in the "Page Scaling" selection box in the Adobe "Print" dialog.

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Federal Tax Comparison for Married Filing Joint and Separate

| | <u>Taxpayer</u> | <u>Spouse</u> | <u>Married Filing Separate</u> | <u>Married Filing Joint</u> |
|---|-----------------|---------------|--------------------------------|-----------------------------|
| Total Income | -87,148. | -68,559. | -155,707. | -155,707. |
| Less: Adjustments | | | | |
| Adjusted Gross Income | -87,148. | -68,559. | -155,707. | -155,707. |
| Standard/Itemized Deductions ... | 6,300. | 6,300. | 12,600. | 12,600. |
| Exemptions | 4,050. | 4,050. | 8,100. | 8,100. |
| Taxable Income | | | | |
| Total Tax (regular & AMT) | 0. | 0. | 0. | 0. |
| Less: Credits | | | | |
| Add: Other Taxes | | | | |
| Less: Earned Income Credit | | | | |
| Less: Additional child tax credit | | | | |
| Less: Payments (excludes ext.) | | | | |
| Tax Underpayment/(Overpayment) | | | | |

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Two-Year Comparison Worksheet

2016

| | | |
|---|--|--------------------------------------|
| Name(s) as shown on return DOUGLAS T. & HEIDI A. COLE | | Social security number [REDACTED] |
| 2015 Filing Status MARRIED FILING JOINT | 2016 Filing Status MARRIED FILING JOINT | |
| 2015 Tax Bracket 0.0% | 2016 Tax Bracket 0.0% | |

| Description | Tax Year 2015 | Tax Year 2016 | Increase (Decrease) |
|---|------------------|------------------|------------------------|
| SCHEDULE B - TAXABLE INTEREST | 2. | 134. | 132. |
| SCHEDULE E (RENTAL AND PASSTHROUGH) | -85,004. | -137,253. | -52,249. |
| OTHER INCOME | 0. | -18,588. | -18,588. |
| TOTAL INCOME | -85,002. | -155,707. | -70,705. |
| ADJUSTED GROSS INCOME | -85,002. | -155,707. | -70,705. |
| STANDARD DEDUCTION | 12,600. | 12,600. | |
| INCOME BEFORE EXEMPTIONS | -97,602. | -168,307. | -70,705. |
| PERSONAL EXEMPTIONS | 8,000. | 8,100. | 100. |
| TAXABLE INCOME | 0. | 0. | |
| CALIFORNIA STATE RETURN NON-REFUNDABLE CREDITS PAYMENTS | 218. 0,000 | 222. 0. | 4. -4,000. |
| AMOUNT REFUNDED | 4,000. | 0. | -4,000. |

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Allan K. Dorff, CPA Inc.
1181 Puerta Del Sol #140
San Clemente, CA 92673
949 498-5585 X121

August 30, 2017

Douglas T. & Heidi A. Cole
92520 Hwy 96
Somes Bar, CA 95568

Dear Mr. and Mrs. Cole:

Enclosed are your 2016 income tax returns.

Specific filing instructions are as follows.

FEDERAL INCOME TAX RETURN:

This return has been prepared for electronic filing and the practitioner PIN program has been elected. Please sign and return Form 8879 to our office. We will then transmit your return electronically to the IRS. Do not mail the paper copy of the return to the IRS.

No payment is required.

CALIFORNIA INCOME TAX RETURN:

This return has been prepared for electronic filing. Please sign, date, and return California Form 8879 to our office. We will then submit your electronic return to the FTB. Do not mail the paper copy of the return to the FTB.

No payment is required.

Your copies of the returns are enclosed for your files. We suggest that you retain these copies indefinitely.

Very truly yours,

Allan K. Dorff, CPA Inc.

Form **8879**
Department of the Treasury
Internal Revenue Service

IRS e-file Signature Authorization

- ▶ Don't send to the IRS. This isn't a tax return.
- ▶ Keep this form for your records.

▶ Information about Form 8879 and its instructions is at www.irs.gov/form8879.

2016

Submission Identification Number (SID) ▶

| | |
|---|---|
| Taxpayer's name DOUGLAS T. COLE | Social security number [REDACTED] |
| Spouse's name HEIDI A. COLE | Spouse's social security number [REDACTED] |

Part I Tax Return Information - Tax Year Ending December 31, 2016 (Whole dollars only)

| | | |
|---|---|-----------|
| 1 Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4; Form 1040NR, line 37) ... | 1 | -155,707. |
| 2 Total tax (Form 1040, line 63; Form 1040A, line 39; Form 1040EZ, line 12; Form 1040NR, line 61) | 2 | |
| 3 Federal income tax withheld from Forms W-2 and 1099 (Form 1040, line 64; Form 1040A, line 40; Form 1040EZ, line 7; Form 1040NR, line 62a) | 3 | |
| 4 Refund (Form 1040, line 76a; Form 1040A, line 48a; Form 1040EZ, line 13a; Form 1040-SS, Part I, line 13a; Form 1040NR, line 73a) | 4 | |
| 5 Amount you owe (Form 1040, line 78; Form 1040A, line 50; Form 1040EZ, line 14; Form 1040NR, line 75) | 5 | 0. |

Part III Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2016, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. I further declare that the amounts in Part I above are the amounts from my electronic income tax return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke (cancel) a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537. Payment cancellation requests must be received no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

Taxpayer's PIN: check one box only

I authorize ALLAN K. DORFF, CPA INC. to enter or generate my PIN [REDACTED] as my signature on my tax year 2016 electronically filed income tax return. **ERO firm name** Enter five digits, but don't enter all zeros

I will enter my PIN as my signature on my tax year 2016 electronically filed income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature ▶ _____ Date ▶ 08/30/2017

Spouse's PIN: check one box only

I authorize ALLAN K. DORFF, CPA INC. to enter or generate my PIN [REDACTED] as my signature on my tax year 2016 electronically filed income tax return. **ERO firm name** Enter five digits, but don't enter all zeros

I will enter my PIN as my signature on my tax year 2016 electronically filed income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature ▶ _____ Date ▶ 08/30/2017

Practitioner PIN Method Returns Only - continue below

Part III Certification and Authentication - Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [REDACTED] **Don't enter all zeros**

I certify that the above numeric entry is my PIN, which is my signature for the tax year 2016 electronically filed income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and Pub. 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns.

ERO's signature ▶ ALLAN K. DORFF, CPA INC. Date ▶ _____

619995 12-08-16 **ERO Must Retain This Form - See Instructions**
Don't Submit This Form to the IRS Unless Requested To Do So

LHA For Paperwork Reduction Act Notice, see your tax return instructions. Form **8879** (2016)

**Tax Year 2016 e-file Jurat/Disclosure
for Form 1040, 1040A, 1040EZ, or 1040NR
using Practitioner PIN method
(with or without Electronic Funds Withdrawal)**

ERO Declaration

I declare that the information contained in this electronic tax return is the information furnished to me by the taxpayer. If the taxpayer furnished me a completed tax return, I declare that the information contained in this electronic tax return is identical to that contained in the return provided by the taxpayer. If the furnished return was signed by a paid preparer, I declare I have entered the paid preparer's identifying information in the appropriate portion of this electronic return. If I am the paid preparer, under the penalties of perjury I declare that I have examined this electronic return, and to the best of my knowledge and belief, it is true, correct, and complete. This declaration is based on all information of which I have any knowledge.

ERO Signature

I am signing this Tax Return by entering my PIN below.

ERO's PIN

██████████
(enter EFIN plus 5 self-selected numerics)

Taxpayer Declarations**Perjury Statement**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Consent to Disclosure

I consent to allow my Intermediate Service Provider, transmitter, or Electronic Return Originator (ERO) to send my return/form to IRS and to receive the following information from IRS: a) an acknowledgment of receipt or reason for rejection of transmission; b) the reason for any delay in processing or refund; and, c) the date of any refund.

I am signing this Tax Return and Electronic Funds Withdrawal Consent, if applicable, by entering my Self-Select PIN below.

Taxpayer's PIN:

██████████

Date

██████████

Spouse's PIN:

██████████

CLIENT COPY

618711 04-26-16

▼ DETACH HERE ▼

| | | |
|---|--|---------------------|
| Form 4868 Department of the Treasury Internal Revenue Service (99) | Application for Automatic Extension of Time To File U.S. Individual Income Tax Return | 1019 2016 |
| For calendar year 2016, or other tax year beginning | | , 2016, ending |

| Part I Identification | | Part II Individual Income Tax | |
|---|--|---|--------------------------|
| 1 Your name(s) DOUGLAS T. COLE & HEIDI A. COLE 92520 HWY 96 SOMES BAR, CA 95568 | | 4 Estimate of total tax liability for 2016 | \$ 0. |
| 2 Your social security number [REDACTED] | | 5 Total 2016 payments | 0. |
| 3 Spouse's social security number [REDACTED] | | 6 Balance due. Subtract line 5 from line 4 | 0. |
| | | 7 Amount you are paying | 0. |
| | | 8 Check here if you are "out of the country" and a U.S. citizen or resident | <input type="checkbox"/> |
| | | 9 Check here if you file Form 1040NR or 1040NR-EZ and did not receive wages as an employee subject to U.S. income tax withholding | <input type="checkbox"/> |

567988273 RW COLE 30 0 201612 670

Form

1040 U.S. Individual Income Tax Return (99) 2016

OMB No. 1545-0074 IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2016, or other tax year beginning 2016, ending 2016, See separate instructions.

Your first name and initial DOUGLAS T. Last name COLE Your social security number [REDACTED]

If a joint return, spouse's first name and initial HEIDI A. Last name COLE Spouse's social security number [REDACTED]

Home address (number and street). If you have a P.O. box, see instructions. 92520 HWY 96 Apt. no. [REDACTED]

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. SOMES BAR, CA 95568

Foreign country name Foreign province/state/county Foreign postal code

Filing Status 1 Single 2 Married filing jointly (even if only one had income) 3 Married filing separately. Enter spouse's SSN above and full name here. 4 Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. 5 Qualifying widow(er) with dependent child

Exemptions 6a Yourself. If someone can claim you as a dependent, do not check box 6a 6b Spouse Boxes checked on 6a and 6b 2 No. of children on 6c who: 2

Income table with columns for line number, description, and amount. Includes rows for wages, interest, dividends, and total income of -155,707.

Adjusted Gross Income table with columns for line number, description, and amount. Includes rows for educator expenses, health savings account deduction, and adjusted gross income of -155,707.

| | | | | |
|-------------------------------|--|---|--------------------------------------|---|
| Tax and Credits | 38 | Amount from line 37 (adjusted gross income) | 38 | -155,707. |
| | 39a | Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1952, <input type="checkbox"/> Blind. Total boxes checked ... 39a | | |
| | b | If your spouse itemizes on a separate return or you were a dual-status alien, check here ... 39b | | |
| | 40 | Itemized deductions (from Schedule A) or your standard deduction (see left margin) | 40 | 12,600. |
| | 41 | Subtract line 40 from line 38 | 41 | -168,307. |
| | 42 | Exemptions. If line 38 is \$155,650 or less, multiply \$4,050 by the number on line 6d. Otherwise, see inst. | 42 | 8,100. |
| | 43 | Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- | 43 | 0. |
| | 44 | Tax. Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> | 44 | 0. |
| | 45 | Alternative minimum tax. Attach Form 6251 | 45 | |
| | 46 | Excess advance premium tax credit repayment. Attach Form 8962 | 46 | |
| | 47 | Add lines 44, 45, and 46 | 47 | 0. |
| | 48 | Foreign tax credit. Attach Form 1116 if required | 48 | |
| | 49 | Credit for child and dependent care expenses. Attach Form 2441 | 49 | |
| | 50 | Education credits from Form 8863, line 19 | 50 | |
| | 51 | Retirement savings contributions credit. Attach Form 8880 | 51 | |
| | 52 | Child tax credit. Attach Schedule 8812, if required | 52 | |
| | 53 | Residential energy credits. Attach Form 5695 | 53 | |
| | 54 | Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/> | 54 | |
| | 55 | Add lines 48 through 54. These are your total credits | 55 | |
| | 56 | Subtract line 55 from line 47. If line 55 is more than line 47, enter -0- | 56 | 0. |
| | 57 | Self-employment tax. Attach Schedule SE | 57 | |
| | 58 | Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919 | 58 | |
| | 59 | Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required | 59 | |
| | 60a | Household employment taxes from Schedule H | 60a | |
| | b | First-time homebuyer credit repayment. Attach Form 5405 if required | 60b | |
| | 61 | Health care: Individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/> | 61 | |
| | 62 | Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Inst.; enter code(s) | 62 | |
| | 63 | Add lines 56 through 62. This is your total tax | 63 | 0. |
| | 64 | Federal income tax withheld from Forms W-2 and 1099 | 64 | |
| | 65 | 2016 estimated tax payments and amount applied from 2015 return | 65 | |
| | 66a | Earned income credit (EIC) | 66a | |
| | b | Nontaxable combat pay election | | |
| | 67 | Additional child tax credit. Attach Schedule 8812 | 67 | |
| | 68 | American opportunity credit from Form 8863, line 8 | 68 | |
| | 69 | Net premium tax credit. Attach Form 8962 | 69 | |
| | 70 | Amount paid with request for extension to file | 70 | |
| | 71 | Excess social security and tier 1 RRTA tax withheld | 71 | |
| | 72 | Credit for federal tax on fuels. Attach Form 4136 | 72 | |
| | 73 | Credits from Form: <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/> | 73 | |
| | 74 | Add lines 64, 65, 66a, and 67 through 73. These are your total payments | 74 | |
| | 75 | If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid | 75 | 0. |
| | 76a | Amount of line 75 you want refunded to you. If Form 8888 is attached, check here | 76a | |
| | b | Routing number <input type="text"/> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings Account number <input type="text"/> | | |
| | 77 | Amount of line 75 you want applied to your 2017 estimated tax | 77 | 0. |
| | 78 | Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions | 78 | 0. |
| | 79 | Estimated tax penalty (see instructions) | 79 | |
| Third Party Designee | Do you want to allow another person to discuss this return with the IRS (see instructions)? <input checked="" type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No | | | |
| | Designee's name | ALLAN DORFF, CPA | Phone no. | 949 498-5585 |
| | | | Personal identification number (PIN) | |
| Sign Here | Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. | | | |
| | Your signature | Date | Your occupation | Daytime phone number |
| | | | SELF-EMPLOYED | |
| | Spouse's signature. If a joint return, both must sign. | Date | Spouse's occupation | If the IRS sent you an Identity Protection PIN, enter it here |
| | | | SELF-EMPLOYED | |
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed PTIN |
| | Firm's name | ALLAN K. DORFF, CPA INC. | Firm's EIN | |
| | Firm's address | 1181 PUERTA DEL SOL, #140 | Phone no. | 949 498-5585 |
| | | SAN CLEMENTE, CA 92673 | | |

DUPLICATE COPY

Schedule A Charitable Contributions Limitation

NAME **DOUGLAS T. & HEIDI A. COLE**

50% Contributions

| | |
|---|----------------|
| 1. 50% of AGI | 0. |
| 2. Contributions qualifying for 50% limit | <u>14,387.</u> |
| 3. Allowable 50% contributions | <u>0.</u> |

30% Contributions

| | |
|---|-----------|
| 4. Remaining 50% limit (Line 1 - Line 3) | 0. |
| 5. Less capital gain property - special 30% limits | |
| 6. Balance of 50% of AGI | 0. |
| 7. 30% of AGI | |
| 8. Contributions qualifying for 30% limit | |
| 9. Allowable 30% contributions (lesser of Line 6, 7 or 8) | <u>0.</u> |

30% Special Contributions

| | |
|--|-----------|
| 10. 30% of AGI | |
| 11. Contributions qualifying for 30% special limit | |
| 12. Remaining 50% limit (line 1 less lines 3 and 9) | 0. |
| 13. Allowable 30% special contribution (lesser of Line 10, 11 or 12) | <u>0.</u> |

20% Contributions

| | |
|--|-----------|
| 14. 20% of AGI | |
| 15. 30% of AGI | |
| 16. Allowed 30% regular contributions | |
| 17. Line 15 less line 16 | 0. |
| 18. Allowed 30% special contributions | |
| 19. Line 15 less line 18 | 0. |
| 20. Remaining 50% limit (line 1 less the sum of lines 3, 9, 13 and 19) | 0. |
| 21. Contributions subject to the 20% limitation | |
| 22. Allowable 20% contributions (lesser of Line 14, 17, 19, 20 or 21) | <u>0.</u> |

50% and 100% Conservation Real Property Contributions

| | |
|--|-----------|
| 23. Remaining 50% limit (line 1 less the sum of lines 3, 9, 13 and 22) | |
| 24. Conservation real property contribution subject to 50% limit | |
| 25. Allowable 50% conservation real property contribution (lesser of Line 23 or 24) | <u>0.</u> |
| 26. Remaining 100% of AGI | |
| 27. Conservation real property contribution subject to 100% limit | |
| 28. Allowable 100% conservation real property contribution (lesser of Line 26 or 27) | <u>0.</u> |

| | |
|---|--|
| 29. Total 2016 contributions allowed on Schedule A | |
| 30. Total prior year carryovers allowed on Schedule A | |
| 31. Total charitable contributions to Schedule A, Line 19 | |

CLIENT COPY

SCHEDULE B (Form 1040A or 1040) (Rev. January 2017) Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

Interest and Ordinary Dividends

Attach to Form 1040A or 1040. Information about Schedule B and its instructions is at www.irs.gov/scheduleb

OMB No. 1545-0074

2016 Attachment Sequence No. 08

DOUGLAS T. & HEIDI A. COLE

Part I Interest

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address US TREASURY DEPARTMENT

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

2 Add the amounts on line 1 134. 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 3 4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a 134.

Note: If line 4 is over \$1,500, you must complete Part III.

Part II Ordinary Dividends

5 List name of payer

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

6 Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a

Note: If line 6 is over \$1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

7a At any time during 2016, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements

b If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located

8 During 2016, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions

Table with Yes/No columns and X marks for 7a and 8.

627501 01-12-17

LHA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule B (Form 1040A or 1040) 2016

Name(s) shown on return. Do not enter name and social security number if shown on page 1.

Your social security number

DOUGLAS T. & HEIDI A. COLE

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations Note: If you report a loss from an at-risk activity for which any amount is not at risk, you must check column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? Yes No

Table with 5 columns: (a) Name, (b) Enter P for partnership, S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, (e) Check if any amount is not at risk. Rows include MARBLE MOUNTAIN RANCH INC.

Table with 5 columns: (f) Passive loss allowed, (g) Passive income from Schedule K-1, (h) Nonpassive loss from Schedule K-1, (i) Section 179 expense deduction from Form 4562, (j) Nonpassive income from Schedule K-1. Totals: 137,253.

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name, (b) Employer identification number. Rows A and B.

Table with 4 columns: (c) Passive deduction or loss allowed, (d) Passive income from Schedule K-1, (e) Deduction or loss from Schedule K-1, (f) Other income from Schedule K-1. Totals and sub-totals.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Totals.

Part V Summary

Summary table with 2 columns: Description, Amount. Includes Net farm rental income or (loss), Total income or (loss), Reconciliation of farming and fishing income, Reconciliation for real estate professionals.

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1

2016

SCHEDULE E

Name DOUGLAS T. COLE

SSN/EIN

Passthrough MARBLE MOUNTAIN RANCH INC

ID

TAXPAYER

S CORPORATION

| NONPASSIVE | K-1 Input | Prior Year Unallowed Basis Loss | Disallowed Due to Basis Limitation | Prior Year Unallowed At-Risk Loss | Disallowed Due to At-Risk | Prior Year Passive Loss | Disallowed Passive Loss | Tax Return |
|--|-----------|---------------------------------|------------------------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|------------|
| SCHEDULE E, PAGE 2 | | | | | | | | |
| Ordinary business income (loss) | -68,627. | | | | | | | |
| Rental real estate income (loss) | | | | | | | | |
| Other net rental income (loss) | | | | | | | | |
| Intangible drilling costs/dry hole costs | | | | | | | | |
| Self-charged passive interest expense | | | | | | | | |
| Guaranteed payments | | | | | | | | |
| Section 179 and carryover | | | | | | | | |
| Disallowed section 179 expense | | | | | | | | |
| Excess farm loss | | | | | | | | |
| Net income (loss) | -68,627. | | | | | | | -68,627. |
| First passive other | | | | | | | | |
| Second passive other | | | | | | | | |
| Cost depletion | | | | | | | | |
| Percentage depletion | | | | | | | | |
| Depletion carryover | | | | | | | | |
| Disallowed due to 65% limitation | | | | | | | | |
| Unreimbursed expenses (nonpassive) | | | | | | | | |
| Nonpassive other | | | | | | | | |
| Total Schedule E (page 2) | -68,627. | | | | | | | -68,627. |
| FORM 4797 | | | | | | | | |
| Section 1231 gain (loss) | | | | | | | | |
| Section 179 recapture on disposition | | | | | | | | |
| SCHEDULE D | | | | | | | | |
| Net short-term cap. gain (loss) | | | | | | | | |
| Net long-term cap. gain (loss) | | | | | | | | |
| Section 1256 contracts & straddles | | | | | | | | |
| FORM 4952 | | | | | | | | |
| Investment interest expense - Sch. A | | | | | | | | |
| Other net investment income | | | | | | | | |
| ITEMIZED DEDUCTIONS | | | | | | | | |
| Charitable contributions | 3,214. | | | | | | | 3,214. |
| Deductions related to portfolio income | | | | | | | | |
| Other | | | | | | | | |

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INCOME FROM PASSTHROUGH STATEMENT, PAGE 2

2016

SCHEDULE E

Name DOUGLAS T. COLE

SSN/EIN

Passthrough MARBLE MOUNTAIN RANCH INC
S CORPORATION

ID

TAXPAYER

| NONPASSIVE | K-1 Input | Prior Year Unallowed Basis Loss | Disallowed Due to Basis Limitation | Prior Year Unallowed At-Risk Loss | Disallowed Due to At-Risk | Prior Year Passive Loss | Disallowed Passive Loss | Tax Return |
|--|-----------|---------------------------------|------------------------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|------------|
| INTEREST AND DIVIDENDS | | | | | | | | |
| Interest income | | | | | | | | |
| Interest from U.S. bonds | | | | | | | | |
| Ordinary dividends | | | | | | | | |
| Qualified dividends | | | | | | | | |
| Tax-exempt interest income | | | | | | | | |
| FORM 6251 | | | | | | | | |
| Depreciation adjustment after 12/31/86 | 23,150. | | | | | | | 23,150. |
| Adjusted gain or loss | | | | | | | | |
| Beneficiary's AMT adjustment | | | | | | | | |
| Depletion (other than oil) | | | | | | | | |
| Other | | | | | | | | |
| MISCELLANEOUS | | | | | | | | |
| Self-employment earnings (loss)/Wages | | | | | | | | |
| Gross farming & fishing inc | | | | | | | | |
| Royalties | | | | | | | | |
| Royalty expenses/depletion | | | | | | | | |
| Undistributed capital gains credit | | | | | | | | |
| Backup withholding | | | | | | | | |
| Credit for estimated tax | | | | | | | | |
| Cancellation of debt | | | | | | | | |
| Medical insurance - 1040 | | | | | | | | |
| Dependent care benefits | | | | | | | | |
| Retirement plans | | | | | | | | |
| Qualified production activities income | | | | | | | | |
| Passthrough adjustment to Form 1040 | | | | | | | | |
| Penalty on early withdrawal of savings | | | | | | | | |
| NOL | | | | | | | | |
| Other taxes/recapture of credits | | | | | | | | |
| Credits | | | | | | | | |
| Casualty and theft loss | | | | | | | | |

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INCOME FROM PASSTHROUGH STATEMENT, PAGE 1

2016

SCHEDULE E

Name HEIDI A. COLE

SSN/EIN

Passthrough MARBLE MOUNTAIN RANCH INC S CORPORATION

ID

SPOUSE

| NONPASSIVE | K-1 input | Prior Year Unallowed Basis Loss | Disallowed Due to Basis Limitation | Prior Year Unallowed At-Risk Loss | Disallowed Due to At-Risk | Prior Year Passive Loss | Disallowed Passive Loss | Tax Return |
|--|-----------|---------------------------------|------------------------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|------------|
| SCHEDULE E, PAGE 2 | | | | | | | | |
| Ordinary business income (loss) | -68,626. | | | | | | | |
| Rental real estate income (loss) | | | | | | | | |
| Other net rental income (loss) | | | | | | | | |
| Intangible drilling costs/dry hole costs | | | | | | | | |
| Self-charged passive interest expense | | | | | | | | |
| Guaranteed payments | | | | | | | | |
| Section 179 and carryover | | | | | | | | |
| Disallowed section 179 expense | | | | | | | | |
| Excess farm loss | | | | | | | | |
| Net income (loss) | -68,626. | | | | | | | -68,626. |
| First passive other | | | | | | | | |
| Second passive other | | | | | | | | |
| Cost depletion | | | | | | | | |
| Percentage depletion | | | | | | | | |
| Depletion carryover | | | | | | | | |
| Disallowed due to 65% limitation | | | | | | | | |
| Unreimbursed expenses (nonpassive) | | | | | | | | |
| Nonpassive other | | | | | | | | |
| Total Schedule E (page 2) | -68,626. | | | | | | | -68,626. |
| FORM 4797 | | | | | | | | |
| Section 1231 gain (loss) | | | | | | | | |
| Section 179 recapture on disposition | | | | | | | | |
| SCHEDULE D | | | | | | | | |
| Net short-term cap. gain (loss) | | | | | | | | |
| Net long-term cap. gain (loss) | | | | | | | | |
| Section 1256 contracts & straddles | | | | | | | | |
| FORM 4952 | | | | | | | | |
| Investment interest expense - Sch. A | | | | | | | | |
| Other net investment income | | | | | | | | |
| ITEMIZED DEDUCTIONS | | | | | | | | |
| Charitable contributions | 3,213. | | | | | | | 3,213. |
| Deductions related to portfolio income | | | | | | | | |
| Other | | | | | | | | |

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INCOME FROM PASSTHROUGH STATEMENT, PAGE 2

2016

SCHEDULE E

Name HEIDI A. COLE

SSN/EIN

Passthrough MARBLE MOUNTAIN RANCH INC

ID

SPOUSE

S CORPORATION

| NONPASSIVE | K-1 Input | Prior Year Unallowed Basis Loss | Disallowed Due to Basis Limitation | Prior Year Unallowed At-Risk Loss | Disallowed Due to At-Risk | Prior Year Passive Loss | Disallowed Passive Loss | Tax Return |
|--|-----------|---------------------------------|------------------------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|------------|
| INTEREST AND DIVIDENDS | | | | | | | | |
| Interest income | | | | | | | | |
| Interest from U.S. bonds | | | | | | | | |
| Ordinary dividends | | | | | | | | |
| Qualified dividends | | | | | | | | |
| Tax-exempt interest income | | | | | | | | |
| FORM 6251 | | | | | | | | |
| Depreciation adjustment after 12/31/86 | 23,150. | | | | | | | 23,150. |
| Adjusted gain or loss | | | | | | | | |
| Beneficiary's AMT adjustment | | | | | | | | |
| Depletion (other than oil) | | | | | | | | |
| Other | | | | | | | | |
| MISCELLANEOUS | | | | | | | | |
| Self-employment earnings (loss)/Wages | | | | | | | | |
| Gross farming & fishing inc | | | | | | | | |
| Royalties | | | | | | | | |
| Royalty expenses/depletion | | | | | | | | |
| Undistributed capital gains credit | | | | | | | | |
| Backup withholding | | | | | | | | |
| Credit for estimated tax | | | | | | | | |
| Cancellation of debt | | | | | | | | |
| Medical insurance - 1040 | | | | | | | | |
| Dependent care benefits | | | | | | | | |
| Retirement plans | | | | | | | | |
| Qualified production activities income | | | | | | | | |
| Passthrough adjustment to Form 1040 | | | | | | | | |
| Penalty on early withdrawal of savings | | | | | | | | |
| NOL | | | | | | | | |
| Other taxes/recapture of credits | | | | | | | | |
| Credits | | | | | | | | |
| Casualty and theft loss | | | | | | | | |

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Form **6251**

Alternative Minimum Tax - Individuals

Department of the Treasury
Internal Revenue Service (99)

▶ Information about Form 6251 and its separate instructions is at www.irs.gov/form6251.

▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

DOUGLAS T. & HEIDI A. COLE

Part I Alternative Minimum Taxable Income

| | | | |
|----|---|----|-----------|
| 1 | If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.) | 1 | -155,707. |
| 2 | Medical and dental. If you or your spouse was 65 or older, enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (0.025) of Form 1040, line 38. If zero or less, enter -0- | 2 | |
| 3 | Taxes from Schedule A (Form 1040), line 9 | 3 | |
| 4 | Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line | 4 | |
| 5 | Miscellaneous deductions from Schedule A (Form 1040), line 27 | 5 | |
| 6 | If Form 1040, line 38, is \$155,650 or less, enter -0-. Otherwise, see instructions | 6 | |
| 7 | Tax refund from Form 1040, line 10 or line 21 | 7 | |
| 8 | Investment interest expense (difference between regular tax and AMT) | 8 | |
| 9 | Depletion (difference between regular tax and AMT) | 9 | |
| 10 | Net operating loss deduction from Form 1040, line 21. Enter as a positive amount | 10 | 18,588. |
| 11 | Alternative tax net operating loss deduction | 11 | 0. |
| 12 | Interest from specified private activity bonds exempt from the regular tax | 12 | |
| 13 | Qualified small business stock, see instructions | 13 | |
| 14 | Exercise of incentive stock options (excess of AMT income over regular tax income) | 14 | |
| 15 | Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A) | 15 | |
| 16 | Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6) | 16 | |
| 17 | Disposition of property (difference between AMT and regular tax gain or loss) | 17 | |
| 18 | Depreciation on assets placed in service after 1986 (difference between regular tax and AMT) | 18 | 46,300. |
| 19 | Passive activities (difference between AMT and regular tax income or loss) | 19 | |
| 20 | Loss limitations (difference between AMT and regular tax income or loss) | 20 | |
| 21 | Circulation costs (difference between regular tax and AMT) | 21 | |
| 22 | Long-term contracts (difference between AMT and regular tax income) | 22 | |
| 23 | Mining costs (difference between regular tax and AMT) | 23 | |
| 24 | Research and experimental costs (difference between regular tax and AMT) | 24 | |
| 25 | Income from certain installment sales before January 1, 1987 | 25 | |
| 26 | Intangible drilling costs preference | 26 | |
| 27 | Other adjustments, including income-based related adjustments | 27 | |
| 28 | Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$247,450, see instructions.) | 28 | -90,819. |

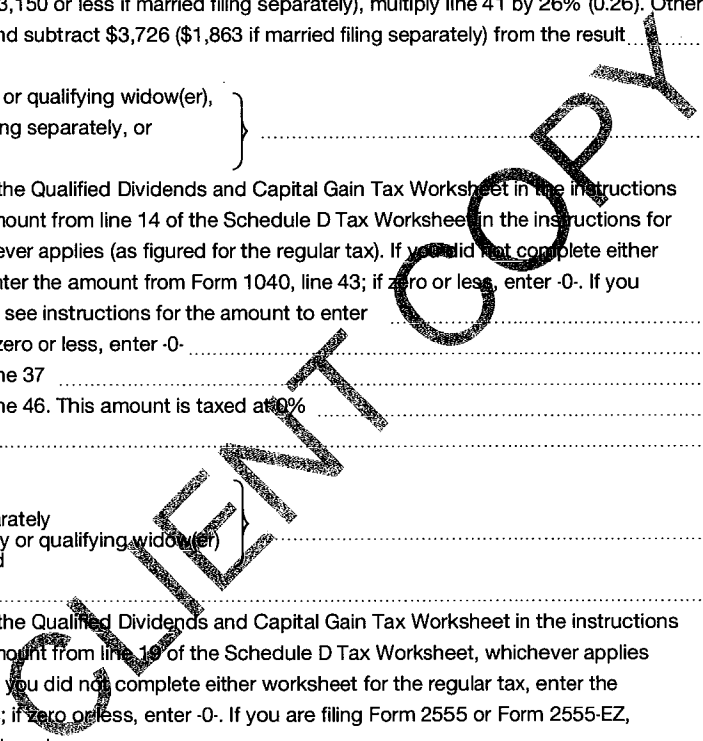
Part II Alternative Minimum Tax (AMT)

| | | | |
|----|---|----|---------|
| 29 | Exemption. (If you were under age 24 at the end of 2016, see instructions.) | | |
| | IF your filing status is... AND line 28 is not over... THEN enter on line 29... | | |
| | Single or head of household \$119,700 \$53,900 | } | 29 |
| | Married filing jointly or qualifying widow(er) ... 159,700 83,800 | | |
| | Married filing separately 79,850 41,900 | | |
| | If line 28 is over the amount shown above for your filing status, see instructions. | | 83,800. |
| 30 | Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34 | 30 | 0. |
| 31 | <ul style="list-style-type: none"> If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 64 here. All others: If line 30 is \$186,300 or less (\$93,150 or less if married filing separately), multiply line 30 by 26% (0.26). Otherwise, multiply line 30 by 28% (0.28) and subtract \$3,726 (\$1,863 if married filing separately) from the result. | 31 | 0. |
| 32 | Alternative minimum tax foreign tax credit (see instructions) | 32 | |
| 33 | Tentative minimum tax. Subtract line 32 from line 31 | 33 | 0. |
| 34 | Add Form 1040, line 44 (minus any tax from Form 4972), and Form 1040, line 46. Subtract from the result any foreign tax credit from Form 1040, line 48. If you used Sch J to figure your tax on Form 1040, line 44, refigure that tax without using Schedule J before completing this line (see instructions) | 34 | |
| 35 | AMT. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45 | 35 | 0. |

Part III Tax Computation Using Maximum Capital Gains Rates

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

Table with 2 columns: Line number and Description. Rows 36-64 detailing tax calculations for capital gains rates.



ALTERNATIVE MINIMUM TAX RECONCILIATION REPORT

Name(s) **DOUGLAS T. & HEIDI A. COLE** Social Security Number XXXXXXXXXX

| Form Name | Description | Income | Adjustment | | | | Form 6251 Other Adjustment |
|-----------|---------------------------|----------|--------------------|--------------------|--------------------|--------------------|----------------------------|
| | | | Form 6251, Line 17 | Form 6251, Line 18 | Form 6251, Line 19 | Form 6251, Line 20 | |
| K1- | MARBLE MOUNTAIN RANCH INC | | | | | | |
| | * REGULAR INCOME | -68,627. | | | | | |
| | DEPR ADJ | 23,150. | | 23,150. | | | |
| | * AMT NET INCOME | -45,477. | | 23,150. | | | |
| K1- | MARBLE MOUNTAIN RANCH INC | | | | | | |
| | * REGULAR INCOME | -68,626. | | | | | |
| | DEPR ADJ | 23,150. | | 23,150. | | | |
| | * AMT NET INCOME | -45,476. | | 23,150. | | | |
| | ** TOTAL ADJ & PREF ** | | | 46,300. | | | |

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Shared Responsibility Payment

To Figure Your Shared Responsibility Payment

- Follow Steps 1 through 5 next.
- Complete Worksheet A or Worksheet B if you are directed to them as you complete Steps 1 through 5.
- Complete the Shared Responsibility Payment Worksheet as directed by Steps 1 through 5 or Worksheets A and B.

Step 1 All Filers

- Can someone claim you as a dependent?
 - Yes.** Stop. You do not owe a shared responsibility payment. Do not check the box on line 6a of Form 1040 or Form 1040A. If you file Form 1040EZ, check the box on line 5
 - No.** Continue to line 2
- Did you, and everyone else in your tax household (see *Tax household* under *Definitions*, earlier) have qualifying health coverage for every month of 2016*?
 - Yes.** Stop. You do not owe a shared responsibility payment. Check the Full-year coverage box on Form 1040, line 61; Form 1040A, line 38; or Form 1040EZ, line 11
 - No.** Continue to line 3

*You can check the Full-year coverage box if you had or adopted a child during the year, or a member of your tax household died during the year, as long as that person had qualifying health care coverage for every month he or she was a member of your tax household.
- Did you or anyone else in your tax household have qualifying health coverage or qualify for a coverage exemption for any month in 2016?
 - Yes.** Stop. Claim any coverage exemption you qualify for on Form 8965. Skip question 4; go to Worksheet A
 - No.** Continue to line 4
- Did you, or anyone else in your tax household turn 18 during 2016?
 - Yes.** Go to Worksheet A
 - No.** Go to Step 2

Step 2 Flat Dollar Amount

- Multiply \$695 by the number of people in your tax household who were at least 18 years old.* 1 _____
*For purposes of figuring the shared responsibility payment, an individual is considered under age 18 for an entire month if he or she didn't turn 18 before the first day of the month. An individual turns 18 on the anniversary of the day the individual was born.
- Multiply \$347.50 by the number of people in your tax household who were under age 18 2 _____
- Add lines 1 and 2 3 _____
- Enter the smaller of line 3 or \$2,085 here and on line 1 of the Shared Responsibility Payment Worksheet. Go to Step 3 4 _____

Step 3 Household Income

- Enter the amount from Form 1040, line 38; Form 1040A, line 21; or Form 1040EZ, line 4 1 _____
- Did you receive any tax-exempt interest?
 - Yes.** Enter the amount from Form 1040, line 8b; Form 1040A, line 8b; or the amount entered in the space to the left of Form 1040EZ, line 2 2 _____
 - No.** Continue to line 3
- Did you attach Form 2555 or Form 2555-EZ?
 - Yes.** Enter the amount from Form 2555, lines 45 and 50; or Form 2555-EZ, line 18 3 _____
 - No.** Continue to line 4
- Did you claim any dependents?
 - Yes.** Continue to line 5
 - No.** Stop. Add lines 1 through 3. **This is your household income.** Enter the result on Step 4, line 1
- Were any of the dependents you claimed required to file a return?
 - Yes.** Complete questions 1 through 3 for each dependent with a filing requirement for whom you did not attach Form 8814. Enter the total here 5 _____
 - No.** Add lines 1 through 3. **This is your household income.** Enter the result on Step 4, line 1
- Did you attach Form 8814?
 - Yes.** Continue to line 7
 - No.** Stop. Add lines 1, 2, 3, and 5. **This is your household income.** Enter the result on Step 4, line 1
- Is Form 8814, line 4 more than \$1,050?
 - Yes.** Add the amount from Form 8814, line 1b and the smaller of Form 8814, line 4 or 5 7 _____
 - No.** Enter -0-. Continue to line 8
- Add lines 1, 2, 3, 5, and 7. **This is your household income.** Enter the result on Step 4, line 1 8 _____

Shared Responsibility Payment continued

Step 4 Percentage Income Amount

1. Enter your household income from Step 3 1 _____
2. Were you or your spouse (if filing jointly) born before January 2, 1952?
 - Yes.** Skip question 3. Find your filing threshold on the **Filing Thresholds for Most People** chart and enter it both here and on line 4. 2 _____
 - No.** Go to question 3.
3. Enter the amount listed below for your filing status. 3 _____
 - Single - \$10,350
 - Head of household - \$13,350
 - Married filing jointly - \$20,700
 - Married filing separately - \$4,050
 - Qualifying widow(er) with dependent child - \$16,650
4. Enter the amount from line 2 or 3. 4 _____
5. Subtract line 4 from line 1 5 _____
6. Is the amount on line 5 zero or less?
 - Yes.** Stop. You do not owe a shared responsibility payment. Complete Form 8965 by checking the box on line 7.
 - No.** Continue to line 7.
7. Multiply line 5 by 2.5% (0.025). This is your percentage income amount 7 _____
8. Were you required to complete Worksheet A?
 - Yes.** Go to Worksheet B. Then continue to Step 5
 - No.** Enter the amount from line 7 above on line 2 of the Shared Responsibility Payment Worksheet and complete line 3 of that worksheet. Then continue to step 5.

Step 5 National Average Bronze Plan Premium

1. Were you required to complete Worksheet A?
 - Yes.** Continue to line 2
 - No.** Skip question 2; Go to question 3.
2. Multiply \$223* by the number on Worksheet A, line 8. Enter the result here and on line 4 of the Shared Responsibility Payment Worksheet. Skip question 3 and complete line 5 of the Shared Responsibility Payment Worksheet 2 _____

*\$223 is the 2016 national average premium for a bronze-level health plan available through the Marketplace for one individual for one month.
3. Enter on line 4 of the Shared Responsibility Payment Worksheet, the amount below that corresponds to the total number of people in your tax household. Then, complete line 5 of the Shared Responsibility Payment Worksheet.
 - 1 person - \$2,676
 - 2 people - \$5,352
 - 3 people - \$8,028
 - 4 people - \$10,704
 - 5 or more people - \$13,380

Shared Responsibility Payment Worksheet

Use this worksheet if you are referred here from the Shared Responsibility Payment flowchart or from Worksheet A or B. If everyone in your tax household had either minimum essential coverage or a coverage exemption for every month during 2016, stop here. You do not owe a shared responsibility payment.

| | |
|--|---------|
| Complete Step 1 | |
| 1. Enter the flat dollar amount. (From Step 2, question 4 or Worksheet A, line 7) | 1 _____ |
| Complete Step 3 | |
| 2. Enter the percentage income amount. (From Step 4, question 7 or Worksheet B, line 14) | 2 _____ |
| 3. Enter the larger of line 1 or line 2 | 3 _____ |
| Complete Step 5 | |
| 4. Enter the National Average Bronze Plan Premium (From Step 5, question 2 or 3) | 4 _____ |
| 5. Enter the smaller of line 3 or line 4 here and on Form 1040, line 61; Form 1040A, line 38; or Form 1040EZ, line 11. | 5 _____ |
| This is your shared responsibility payment | 5 _____ |

BZ1637 10-26-16

Schedule A - Net Operating Loss (NOL)

2016

| | | | |
|----------------------------|---|------------------------|-----------|
| Name | | Social Security Number | |
| DOUGLAS T. & HEIDI A. COLE | | [REDACTED] | |
| 1 | Enter the amount from your 2016 Form 1040, line 41, or Form 1040NR, line 39. Estates and trusts, enter taxable income increased by the total of the charitable deduction, income distribution deduction, and exemption amount | 1 | -168,307. |
| 2 | Nonbusiness capital losses before limitation. Enter as a positive number | 2 | |
| 3 | Nonbusiness capital gains (without regard to any section 1202 exclusion) | 3 | |
| 4 | If line 2 is more than line 3, enter the difference; otherwise, enter -0- | 4 | 0. |
| 5 | If line 3 is more than line 2, enter the difference; otherwise, enter -0- | 5 | 0. |
| 6 | Nonbusiness deductions (see instructions) | 6 | 12,600. |
| 7 | Nonbusiness income other than capital gains (see instructions) STATEMENT 3 | 7 | 134. |
| 8 | Add lines 5 and 7 | 8 | 134. |
| 9 | If line 6 is more than line 8, enter the difference; otherwise, enter -0- | 9 | 12,466. |
| 10 | If line 8 is more than line 6, enter the difference; otherwise, enter -0-. But do not enter more than line 5 | 10 | 0. |
| 11 | Business capital losses before limitation. Enter as a positive number | 11 | |
| 12 | Business capital gains (without regard to any section 1202 exclusion) | 12 | |
| 13 | Add lines 10 and 12 | 13 | |
| 14 | Subtract line 13 from line 11. If zero or less, enter -0- | 14 | 0. |
| 15 | Add lines 4 and 14 | 15 | |
| 16 | Enter the loss, if any, from line 16 of Schedule D (Form 1040). (Estates and trusts, enter the loss, if any, from line 15, column (3), of Schedule D (Form 1041).) Enter as a positive number. If you do not have a loss on that line (and do not have a section 1202 exclusion), skip lines 16 through 21 and enter on line 22 the amount from line 15 | 16 | |
| 17 | Section 1202 exclusion. Enter as a positive number | 17 | |
| 18 | Subtract line 17 from line 16. If zero or less, enter -0- | 18 | |
| 19 | Enter the loss, if any, from line 21 of Schedule D (Form 1040). (Estates and trusts, enter the loss, if any, from line 16 of Schedule D (Form 1041).) Enter as a positive number | 19 | |
| 20 | If line 18 is more than line 19, enter the difference; otherwise, enter -0- | 20 | |
| 21 | If line 19 is more than line 18, enter the difference; otherwise, enter -0- | 21 | |
| 22 | Subtract line 20 from line 15. If zero or less, enter -0- | 22 | |
| 23 | Domestic production activities deduction from Form 1040, line 35 (or included on Form 1041, line 15a) | 23 | |
| 24 | NOL deduction for losses from other years. Enter as a positive number | 24 | 18,588. |
| 25 | NOL. Combine lines 1, 9, 17, and 21 through 24. If the result is less than zero, this is your current year NOL. If the result is zero or more, you do not have an NOL | ** 25 | -137,253. |

****TAXPAYER ELECTS UNDER IRC SECTION 172(B)(3) TO FORGO ANY CARRYBACK OF THE NET OPERATING LOSS FOR 2016 SHOWN HERE**

Alternative Tax Net Operating Loss Worksheet

2016

Name(s) as shown on return

Social Security Number

DOUGLAS T. & HEIDI A. COLE

| | | |
|--|------|----------|
| 1. Loss for the current year | | 176,407. |
| 2. Personal exemptions | | 8,100. |
| 3. Net operating loss deduction | | 18,588. |
| 4. Excess of nonbusiness deductions over nonbusiness income: | | |
| (A) AMT nonbusiness itemized deductions and adjustments | | |
| (B) AMT nonbusiness income | 134. | |
| (C) Net nonbusiness capital gains (without regard to any section 1202 exclusion) | | |
| (D) Total nonbusiness income | 134. | |
| (E) Difference (line 4(A) less 4(D)) not less than zero | | 0. |
| 5. Excess of nonbusiness capital loss over nonbusiness capital gain | | |
| 6. Adjusted deduction for business capital loss | | |
| (A) Business capital loss | | |
| (B) Line 4(D) minus 4(A), not less than zero. Do not enter more than line 4(C) | | |
| (C) Business capital gains (without regard to any section 1202 exclusion) | | |
| (D) Total (line 6(B) plus 6(C)) | | |
| (E) Difference (line 6(A) less 6(D)) not less than zero | | |
| 7. Add lines 5 and 6E | | |
| 8. Enter the loss, if any, from AMT Schedule D, Line 16 | | |
| 9. Adjusted section 1202 exclusion | | |
| 10. Line 8 minus line 9 | | |
| 11. Enter the loss, if any, from AMT Schedule D, line 21 | | |
| 12. Line 10 minus line 11, not less than zero | | |
| 13. Line 11 minus line 10, not less than zero | | |
| 14. Line 7 minus line 12, not less than zero | | |
| 15. Total adjustment and preference items (Form 6251) | | 58,900. |
| 16. Domestic production activities deduction | | |
| 17. Total (line 2 + 3 + 4(E) + 9 + 13 + 14 + 15 + 16) | | 85,588. |
| 18. Current year alternative tax net operating loss - (line 1 less line 17) | | 90,819. |

CLIENT COPY

Election to Waive the Net Operating Loss Carryback Period

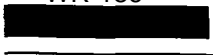
Douglas T. & Heidi A. Cole
92520 Hwy 96
Somes Bar, CA 95568

Taxpayer Identification Number: [REDACTED]

For the Year Ending December 31, 2016

Douglas T. & Heidi A. Cole hereby Elect, pursuant to Sec. 172(b)(3) of the Internal Revenue Code, to relinquish the entire carryback period with respect to the net operating loss incurred for the tax year ended December 31, 2016, and will have such loss available for carryforward only.

CLIENT COPY



FORM 6251 DEPRECIATION ON ASSETS PLACED IN SERVICE AFTER 1986 STATEMENT 1

| DESCRIPTION | AMOUNT |
|--------------------------------------|---------|
| FROM K-1 - MARBLE MOUNTAIN RANCH INC | 23,150. |
| FROM K-1 - MARBLE MOUNTAIN RANCH INC | 23,150. |
| TOTAL TO FORM 6251, LINE 18 | 46,300. |

CLIENT COPY

DOUGLAS T. & HEIDI A. COLE

FORM 6251 ALTERNATIVE MINIMUM TAX NOL LIMITATION STATEMENT 2

| | | |
|--|--|---------|
| 1A. ATNOL CARRYFORWARDS AND CARRYBACKS ATTRIBUTABLE TO QUALIFIED DISASTER LOSSES | | |
| B. ATNOL CARRYFORWARDS AND CARRYBACKS OTHER THAN THOSE INCLUDED IN LINE 1A | | 55,530. |
| C. SUM OF LINE 1A AND LINE 1B | | 55,530. |

ATNOLD LIMITATION:

| | | |
|--|----------|----|
| 2A. SUM OF FORM 6251, LINES 1 - 27 WITHOUT LINE 9 AND TREATING LINE 11 AS ZERO | -90,819. | |
| B. TENTATIVE AMOUNT FOR LINE 9 WHEN TREATING LINE 11 AS ZERO | | |
| C. DOMESTIC PRODUCTION ACTIVITIES DEDUCTION | | |
| D. SUM OF LINES 2A - 2C. IF ZERO OR LESS, ENTER ZERO (-0-) | | 0. |
| 3A. SMALLER OF LINE 1B OR 90% OF LINE 2D | | 0. |
| B. SMALLER OF LINE 1A OR LINE 2D MINUS 3A | | |
| C. LINE 3A PLUS LINE 3B. TOTAL TO FORM 6251, LINE 11 | | 0. |

CLIENT COPY

| NOL | NONBUSINESS INCOME | STATEMENT | 3 |
|---|--------------------|---------------|---|
| <u>DESCRIPTION</u> | | <u>AMOUNT</u> | |
| TAXABLE INTEREST - 1040, LINE 8A | | 134. | |
| PARTNERSHIPS & S-CORPS - SCH E PG 2, LINE 32 | | -137,253. | |
| BUSINESS INCOME FROM ACTIVITY - 1 | | 68,627. | |
| BUSINESS INCOME FROM ACTIVITY - 2 | | 68,626. | |
| <u>TOTAL TO NOL SCHEDULE A, LINE 7 (NEGATIVE AMT IS LIMITED TO 0)</u> | | <u>134.</u> | |

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TAXABLE YEAR **2016** California e-file Signature Authorization for Individuals FORM **8879**

| | |
|---|--|
| Your name DOUGLAS T. COLE | Your SSN or ITIN [REDACTED] |
| Spouse's/RDP's name HEIDI A. COLE | Spouse's/RDP's SSN or ITIN [REDACTED] |

Part I Tax Return Information (whole dollars only)

| | | |
|--|----------|------------------|
| 1 California Adjusted Gross Income (Form 540, line 17; Form 540 2EZ, line 16; Long Form 540NR, line 32; or Short Form 540NR, line 32) | 1 | -217,323. |
| 2 Amount You Owe (Form 540, line 111; Form 540 2EZ, line 31; Long Form 540NR, line 121; or Short Form 540NR, line 121) | 2 | 0. |
| 3 Refund or No Amount Due (Form 540, line 115; Form 540 2EZ, line 32; Long Form 540NR, line 125; or Short Form 540NR, line 125) | 3 | 0. |

Part II Taxpayer Declaration and Signature Authorization (Be sure you obtain and keep a copy of your return.)

Under penalties of perjury, I declare that I have examined a copy of my individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2016, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the information I provided to my electronic return originator (ERO), transmitter, or intermediate service provider (including my name, address, and social security number or individual tax identification number) and the amounts shown in Part I above agree with the information and amounts shown on the corresponding lines of my electronic income tax return. If applicable, I authorize an electronic funds withdrawal of the amount on line 2 and/or the estimated tax payments as shown on my return and on form FTB 8455, California e-file Payment Record for Individuals, or a comparable form. If applicable, I declare that direct deposit refund amount on line 3 agrees with the direct deposit authorization stated on my return. If I have filed a joint return, this is an irrevocable appointment of the other spouse/RDP as an agent to authorize an electronic funds withdrawal or direct deposit. I authorize my ERO, transmitter, or intermediate service provider to transmit my complete return to the Franchise Tax Board (FTB). **If the processing of my return or refund is delayed, I authorize the FTB to disclose to my ERO, intermediate service provider, and/or transmitter the reason(s) for the delay or the date when the refund was sent.** If I am filing a balance due return, I understand that if the FTB does not receive full and timely payment of my tax liability, I remain liable for the tax liability and all applicable interest and penalties. I acknowledge that I have read and consent to the Electronic Funds Withdrawal Consent included on the copy of my electronic income tax return. I have selected a personal identification number (PIN) as my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

Taxpayer's PIN: check one box only

I authorize ALLAN K. DORFF, CPA INC to enter my PIN [REDACTED] **Do not enter all zeros**
ERO firm name

as my signature on my 2016 e-filed California individual income tax return.

I will enter my PIN as my signature on my 2016 e-filed California individual income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature ► _____ Date ► 08/30/2017

Spouse's/RDP's PIN: check one box only

I authorize ALLAN K. DORFF, CPA INC. to enter my PIN [REDACTED] **Do not enter all zeros**
ERO firm name

as my signature on my 2016 e-filed California individual income tax return.

I will enter my PIN as my signature on my 2016 e-filed California individual income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's/RDP's signature ► _____ Date ► 08/30/2017

Practitioner PIN Method Returns Only - continue below

Part III Certification and Authentication - Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [REDACTED] **Do not enter all zeros**

I certify that the above numeric entry is my PIN, which is my signature for the 2016 California individual income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and FTB Pub. 1345, 2016 e-file Handbook for Authorized e-file Providers.

ERO's signature ► _____ Date ► _____

TAXABLE YEAR

FORM

2016 California Resident Income Tax Return

540

APE

ATTACH FEDERAL RETURN

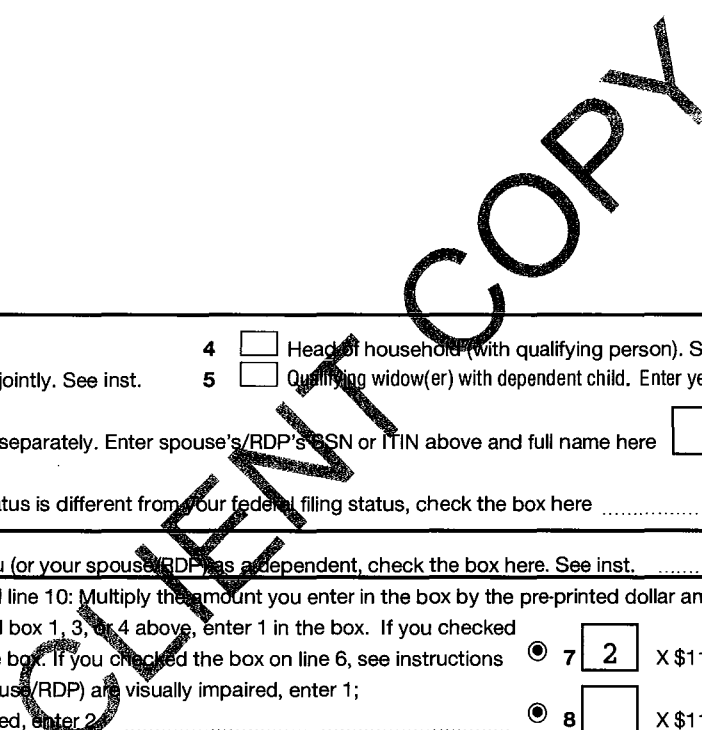
COLE COLE
DOUGLAS T COLE
HEIDI A COLE

16

A
R
RP

92520 HWY 96
SOMES BAR CA 95568

07-28-1954 09-24-1958



Filing Status section with checkboxes for Single, Married/RDP filing jointly, Married/RDP filing separately, Head of household, and Qualifying widow(er).

Exemption section 7-10 including Personal, Blind, Senior, and Dependents with associated dollar amounts and checkboxes.

Exemptions table with columns for Dependent 1, 2, and 3, and rows for First Name, Last Name, SSN, and Relationship.

Total dependent exemptions line 10 and Exemption amount line 11.

Your name: DOUGLAS T. COLE Your SSN or ITIN: [REDACTED]

Taxable Income

12 State wages from your Form(s) W-2, box 16 • 12 [REDACTED] .00

13 Enter federal adjusted gross income from Form 1040, line 37; 1040A, line 21; or 1040EZ, line 4 ● 13 -155,707 .00

14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 37, column B • 14 82,004 .00

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions 15 -237,711 .00

16 California adjustments - additions. Enter the amount from Schedule CA (540), line 37, column C • 16 20,388 .00

17 California adjusted gross income. Combine line 15 and line 16 • 17 -217,323 .00

18 Enter the larger of { Your California **itemized deductions** from Schedule CA (540), line 44; **OR** Your California **standard deduction** shown below for your filing status:
 • Single or Married/RDP filing separately \$4,129
 • Married/RDP filing jointly, Head of household, or Qualifying widow(er) \$8,258
 If Married/RDP filing separately or the box on line 6 is checked, STOP. See instructions • 18 8,258 .00

19 Subtract line 18 from line 17. This is your **taxable income**. If less than zero, enter -0- ● 19 0 .00

Tax

31 Tax. Check the box if from: Tax Table Tax Rate Schedule • 31 [REDACTED] 0 .00
 FTB 3800 FTB 3803

32 Exemption credits. Enter the amount from line 11. If your federal AGI more than \$182,459, see instructions ● 32 222 .00

33 Subtract line 32 from line 31. If less than zero, enter -0- ● 33 0 .00

34 Tax. See instructions. Check the box if from: Schedule G-1 FTB 5870A • 34 [REDACTED] .00

35 Add line 33 and line 34 ● 35 0 .00

Special Credits

40 Nonrefundable Child and Dependent Care Expenses Credit. See instructions • 40 [REDACTED] .00

43 Enter credit name [REDACTED] code • [REDACTED] and amount • 43 [REDACTED] .00

44 Enter credit name [REDACTED] code • [REDACTED] and amount • 44 [REDACTED] .00

45 To claim more than two credits, see instructions. Attach Schedule P (540) • 45 [REDACTED] .00

46 Nonrefundable renter's credit. See instructions • 46 [REDACTED] .00

47 Add line 40 through line 46. These are your total credits ● 47 [REDACTED] .00

48 Subtract line 47 from line 35. If less than zero, enter -0- ● 48 0 .00

Other Taxes

61 Alternative minimum tax. Attach Schedule P (540) • 61 [REDACTED] .00

62 Mental Health Services Tax. See instructions • 62 [REDACTED] .00

63 Other taxes and credit recapture. See instructions • 63 [REDACTED] .00

64 Add line 48, line 61, line 62, and line 63. This is your total tax • 64 0 .00

Your name: DOUGLAS T. COLE

Your SSN or ITIN: [REDACTED]

Payments

71 California income tax withheld. See instructions • 71 [] .00

72 2016 CA estimated tax and other payments. See instructions • 72 [] .00

73 Withholding (Form 592-B and/or 593). See instructions • 73 [] .00

74 Excess SDI (or VPDI) withheld. See instructions • 74 [] .00

75 Earned Income Tax Credit (EITC) • 75 [] .00

76 Add lines 71 through 75. These are your total payments. See instructions • 76 [] .00

Use Tax

91 Use Tax. See instructions • 91 [] .00

**Overpaid Tax/
Tax Due**

92 Payments balance. If line 76 is more than line 91, subtract line 91 from line 76 • 92 [] .00

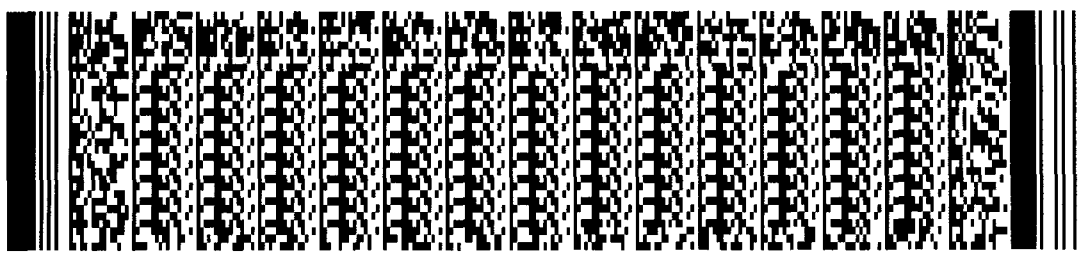
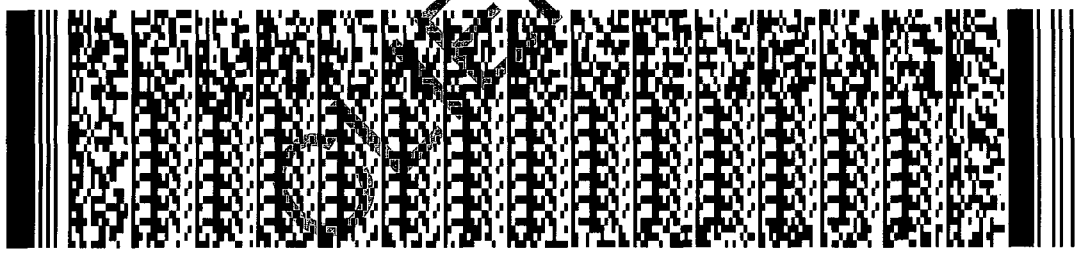
93 Use Tax balance. If line 91 is more than line 76, subtract line 76 from line 91 • 93 [] .00

94 Overpaid tax. If line 92 is more than line 64, subtract line 64 from line 92 • 94 [] .00

95 Amount of line 94 you want applied to your 2017 estimated tax • 95 [] .00

96 Overpaid tax available this year. Subtract line 95 from line 94 • 96 [] .00

97 Tax due. If line 92 is less than line 64, subtract line 92 from line 64 • 97 [0] .00



Your name: DOUGLAS T. COLE

Your SSN or ITIN: [REDACTED]

Code Amount

| | | | | |
|---|--------------|-----|-----|-----|
| California Seniors Special Fund. See instructions | • 400 | [] | [] | .00 |
| Alzheimer's Disease/Related Disorders Fund | • 401 | [] | [] | .00 |
| Rare and Endangered Species Preservation Program | • 403 | [] | [] | .00 |
| California Breast Cancer Research Fund | • 405 | [] | [] | .00 |
| California Firefighters' Memorial Fund | • 406 | [] | [] | .00 |
| Emergency Food for Families Fund | • 407 | [] | [] | .00 |
| California Peace Officer Memorial Foundation Fund | • 408 | [] | [] | .00 |
| California Sea Otter Fund | • 410 | [] | [] | .00 |
| California Cancer Research Fund | • 413 | [] | [] | .00 |
| RESERVED (DO NOT USE) | | [] | [] | [] |
| School Supplies for Homeless Children Fund | • 422 | [] | [] | .00 |
| State Parks Protection Fund/Parks Pass Purchase | • 423 | [] | [] | .00 |
| Protect Our Coast and Oceans Fund | • 424 | [] | [] | .00 |
| Keep Arts in Schools Fund | • 425 | [] | [] | .00 |
| State Children's Trust Fund for the Prevention of Child Abuse | • 430 | [] | [] | .00 |
| Prevention of Animal Homelessness and Cruelty Fund | • 431 | [] | [] | .00 |
| Revive the Salton Sea Fund | • 432 | [] | [] | .00 |
| California Domestic Violence Victims Fund | • 433 | [] | [] | .00 |
| Special Olympics Fund | • 434 | [] | [] | .00 |
| Type 1 Diabetes Research Fund | • 435 | [] | [] | .00 |
| 110 Add code 400 through code 435. This is your total contribution | • 110 | [] | [] | [] |

Contributions

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Your name: DOUGLAS T. COLE

Your SSN or ITIN: [REDACTED]

111 AMOUNT YOU OWE. If you do not have an amount on line 96, add line 93, line 97, and line 110. See instructions. Do not send cash.

Mail to: FRANCHISE TAX BOARD
PO BOX 942867

SACRAMENTO CA 94267-0001

• 111 [] .00

Pay online - Go to ftb.ca.gov for more information.

Amount You Owe

Interest and Penalties

112 Interest, late return penalties, and late payment penalties 112 [] .00

113 Underpayment of estimated tax. Check the box: • FTB 5805 attached • FTB 5805F attached • 113 [] 0.00

114 Total amount due. See instructions. Enclose, but do not staple, any payment 114 [] 0.00

115 REFUND OR NO AMOUNT DUE. Subtract the sum of line 110, line 112 and line 113 from line 96. See instructions.

Mail to: FRANCHISE TAX BOARD
PO BOX 942840

SACRAMENTO CA 94240-0001

• 115 [] 0.00

Fill in the information to authorize direct deposit of your refund into one or two accounts. Do not attach a voided check or a deposit slip. See instructions. Have you verified the routing and account numbers? Use whole dollars only.

All or the following amount of my refund (line 115) is authorized for direct deposit into the account shown below:

• Routing number [] • Type Checking Savings • Account number [] • 116 Direct deposit amount [] .00

The remaining amount of my refund (line 115) is authorized for direct deposit into the account shown below:

• Routing number [] • Type Checking Savings • Account number [] • 117 Direct deposit amount [] .00

IMPORTANT: See the instructions to find out if you should attach a copy of your complete federal tax return.

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov and search for privacy notice. To request this notice by mail, call 800.852.5711. Under penalties of perjury, I declare that I have examined this tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature [] Date [] Spouse's/RDP's signature (if a joint tax return, both must sign) []

Sign Here

Your email address. Enter only one email address. GUESTRANCH@MARBLEMOUNTAIN.COM Preferred phone number []

It is unlawful to forge a spouse's/RDP's signature.

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) []

Joint tax return? (See instructions.)

Firm's name (or yours, if self-employed) ALLAN K. DORFF, CPA INC. • PTIN [REDACTED]

Firm's address 1181 PUERTA DEL SOL, #140 SAN CLEMENTE, CA 92673 • FEIN [REDACTED]

Do you want to allow another person to discuss this tax return with us? See instructions. Print Third Party Designee's Name ALLAN DORFF, CPA Telephone Number 949 498-5585

TAXABLE YEAR

2016

California Adjustments - Residents

CA (540)

Important: Attach this schedule behind Form 540, Side 5 as a supporting California schedule.

Name(s) as shown on tax return

SSN or ITIN

DOUGLAS T. & HEIDI A. COLE

Part I Income Adjustment Schedule

Section A - Income

Table with 4 columns: Line Number, Description, A Federal Amounts, B Subtractions, C Additions. Includes rows for Wages, interest, dividends, and total income of 20,388.

Section B - Adjustments to Income

Table with 4 columns: Line Number, Description, A Federal Amounts, B Subtractions, C Additions. Includes rows for educator expenses, health savings account, and total adjustments of 20,388.

Part II Adjustments to Federal Itemized Deductions

38 Federal itemized deductions. Enter the amount from federal Schedule A (Form 1040), lines 4, 9, 15, 19, 20, 27, and 28 **38**

39 Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance, and state and local income tax, or General Sales Tax) and line 8 (foreign income taxes **only**). See instructions **39**

40 Subtract line 39 from line 38 **40**

41 Other adjustments including California lottery losses. See instructions. Specify **41**

42 Combine line 40 and line 41 **42**

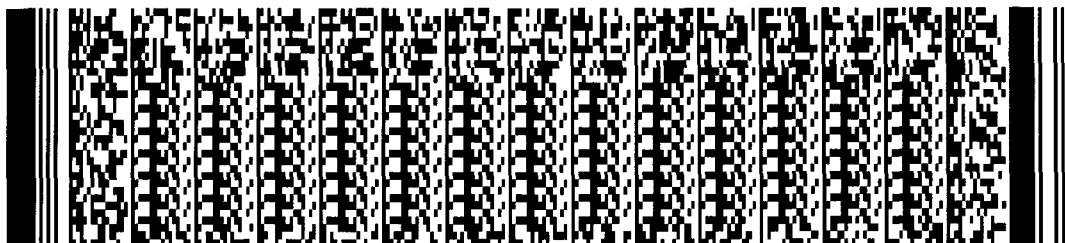
43 **Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?**
 Single or married/RDP filing separately \$182,459
 Head of household \$273,692
 Married/RDP filing jointly or qualifying widow(er) \$364,923

No. Transfer the amount on line 42 to line 43.
Yes. Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43 **43**

44 **Enter the larger of the amount on line 43 or your standard deduction listed below**
 Single or married/RDP filing separately. See instructions \$4,129
 Married/RDP filing jointly, head of household, or qualifying widow(er) 8,258

Transfer the amount on line 44 to Form 540, line 18 **44**

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TAXABLE YEAR

2016 Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals, Estates, and Trusts

3805V

| | |
|---------------------------------------|-------------|
| Attach to your California tax return. | SSN or ITIN |
| Names as shown on return | |
| DOUGLAS T. & HEIDI A. COLE | FEIN |

Part I Computation of Current Year NOL for Individuals, Estates, and Trusts. If you do not have a current year NOL, go to Part II.

Section A - California Residents Only (Nonresidents go to Section B.)

1 Adjusted gross income from 2016 Form 540, line 17. If negative, use brackets.
Estates and Trusts, begin on line 3

2 Itemized deductions or standard deduction from 2016 Form 540, line 18

3 a Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets.
If positive, enter -0- here and on line 25. **Do not** complete the rest of Section A. You do not have a current year NOL.
Complete Part II and Part III if you have a carryover from prior years

b 2016 declared disaster loss included in line 3a. Enter as a positive number

c Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, **do not** complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed

Enter amounts on line 4 through line 24 as if they were all **positive** numbers. See instructions.

4 Nonbusiness capital losses

5 Nonbusiness capital gains

6 If line 4 is more than line 5, enter the difference; otherwise, enter -0-

7 If line 4 is less than line 5, enter the difference; otherwise, enter -0-

8 Nonbusiness deductions

9 Nonbusiness income other than capital gains **STMT 2**

10 Add line 7 and line 9

11 If line 8 is more than line 10, enter the difference; otherwise, enter -0-

12 If line 8 is less than line 10, enter the difference; otherwise, enter -0-

13 Business capital losses

14 Business capital gains

15 Add line 12 and line 14

16 If line 13 is more than line 15, enter the difference; otherwise, enter -0-

17 Add line 6 and line 16

18 Enter the loss, if any, from line 8 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541). If you do not have a loss on that line, skip line 18 through line 21 and enter on line 22 the amount from line 17

19 Enter the loss, if any, from line 9 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number

20 If line 18 is more than line 19, enter the difference; otherwise, enter -0-

21 If line 19 is more than line 18, enter the difference; otherwise, enter -0-

22 Subtract line 20 from line 17. If zero or less, enter -0-

23 NOL and disaster loss carryovers from prior years

24 Add lines 11, 21, 22, and 23

25 **Current Year NOL.** Combine line 3c and line 24. If more than zero, enter -0-. You do not have a current year NOL to carryback or carryover

If the Individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2014 and/or 2015, complete Part IV, NOL Carryback, on Side 4 **before** completing Part I, Section A, lines 26-28 below. Enter lines 26 and 27 as positive numbers.

26 2016 NOL carryback used to offset 2014 taxable income. Enter the amount from Part IV, line 3, col. (e)

27 2016 NOL carryback used to offset 2015 taxable income. Enter the amount from Part IV, line 3, col. (g)

28 **2016 NOL carryover to 2017.** Combine line 25, line 26, and line 27. See instructions.
If more than zero, enter -0-. You do not have a current year NOL to carryover

| | | |
|----|------------|----------|
| 1 | <217,323.> | 00 |
| 2 | (8,258.) | 00 |
| 3a | <225,581.> | 00 |
| 3b | | 00 |
| 3c | <225,581.> | 00 |
| 4 | | 00 |
| 5 | | 00 |
| 6 | | 00 |
| 7 | | 00 |
| 8 | 8,258. | 00 |
| 9 | 134. | 00 |
| 10 | | 134.00 |
| 11 | | 8,124.00 |
| 12 | 0. | 00 |
| 13 | | 00 |
| 14 | | 00 |
| 15 | | 00 |
| 16 | | 00 |
| 17 | | 00 |
| 18 | | 00 |
| 19 | | 00 |
| 20 | | 00 |
| 21 | | 00 |
| 22 | 0. | 00 |
| 23 | 82,004. | 00 |
| 24 | 90,128. | 00 |
| 25 | -135,453. | 00 |
| 26 | | 00 |
| 27 | | 00 |
| 28 | 135,453. | 00 |

Section B - Nonresidents and Part-Year Residents Only - Computation of Current Year California NOL

| | (a) Enter total amounts as if you were a CA resident for entire year. | (b) Enter amounts earned or received from CA sources if you were a nonresident for the entire year. | (c) Enter amounts earned or received during the portion of the year you were a CA resident. | (d) Enter amounts earned or received from CA sources during the portion of the year you were a nonresident. | (e) Total Combine columns C and D |
|---|---|--|--|--|--|
| 1 Adjusted gross income. See instructions. If negative, use brackets 1 | | | | | |
| 2 Itemized deductions or standard deduc- tion. See instructions 2 () () () () () | | | | | |
| 3 a Combine line 1 and line 2. See instrs b 2016 declared disaster loss included in line 3a. Enter as a positive number c Combine line 3a and line 3b. If negative, use brackets and continue to line 4 ... 3c | | | | | |
| Enter amounts on line 4 through line 24 as if they were all positive numbers. | | | | | |
| 4 Nonbusiness capital losses 4 | | | | | |
| 5 Nonbusiness capital gains 5 | | | | | |
| 6 If line 4 is more than line 5, enter the difference; otherwise, enter -0- 6 | | | | | |
| 7 If line 4 is less than line 5, enter the difference; otherwise, enter -0- 7 | | | | | |
| 8 Nonbusiness deductions 8 | | | | | |
| 9 Nonbusiness income other than capital gains ... 9 | | | | | |
| 10 Add line 7 and line 9 10 | | | | | |
| 11 If line 8 is more than line 10, enter the difference; otherwise, enter -0- 11 | | | | | |
| 12 If line 8 is less than line 10, enter the difference; otherwise, enter -0- 12 | | | | | |
| 13 Business capital losses 13 | | | | | |
| 14 Business capital gains 14 | | | | | |
| 15 Add line 12 and line 14 15 | | | | | |
| 16 If line 13 is more than line 15, enter the difference; otherwise, enter -0- 16 | | | | | |
| 17 Add line 6 and line 16 17 | | | | | |
| 18 Enter the loss, if any, from line 4 of Schedule D (540NR) worksheet for nonresidents and part-year residents. See instructions 18 | | | | | |
| 19 Enter the loss, if any, from line 5 of Schedule D (540NR) worksheet for nonresidents and part-year residents. Enter as a positive number 19 | | | | | |
| 20 If line 18 is more than line 19, enter the difference; otherwise, enter -0- 20 | | | | | |
| 21 If line 19 is more than line 18, enter the difference; otherwise, enter -0- 21 | | | | | |
| 22 Subtract line 20 from line 17. If zero or less, enter -0- 22 | | | | | |
| 23 NOL & disaster loss carryovers from prior years 23 | | | | | |
| 24 Add lines 11, 21, 22, 23 24 | | | | | |
| 25 Current Year NOL. Combine line 3c and line 24. If more than zero, enter -0- 25 | | ⊙ | | | ⊙ |
| If the Individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2014 and/or 2015, complete Part IV, NOL Carryback, on Side 4 before completing Part I, Section B, lines 26-28 below. Enter lines 26 and 27 as positive numbers. | | | | | |
| 26 2016 NOL carryback used to offset 2014 taxable income. Enter the amount from Part IV, line 3, col. (e) 26 | | ⊙ | | | ⊙ |
| 27 2016 NOL carryback used to offset 2015 taxable income. Enter the amount from Part IV, line 3, col. (g) ... 27 | | ⊙ | | | ⊙ |
| 28 2016 NOL carryover to 2017. Combine line 25, line 26, and line 27. If more than zero, enter -0- 28 | | ⊙ | | | ⊙ |

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Section C - Election to Waive Carryback

Check the box if the Individual, Estate, or Trust elects to "relinquish" the entire carryback period with respect to a 2016 NOL under IRC Section 172(b)(3). By making the election, the Individual, Estate, or Trust is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it is **irrevocable**. See instructions.

Continue with Part II, Determine 2016 Modified Taxable Income (MTI) and Part III, NOL Carryover and Disaster Loss Carryover Limitations. **Do not** complete Part IV, NOL Carryback.

Part II Determine 2016 Modified Taxable Income (MTI). Be sure to read the instructions for Part II.

| | | | |
|---|--|---|-------------|
| 1 | Taxable income. See instructions | 1 | -225,581.00 |
| Enter amounts on line 2 through line 5 as if they were all positive numbers. | | | |
| 2 | Capital loss deduction included in line 1 | 2 | 00 |
| 3 | Disaster loss carryover included in line 1 | 3 | 00 |
| 4 | NOL carryover included in line 1 | 4 | 82,004.00 |
| 5 | Adjustments to itemized deductions. See instructions | 5 | 00 |
| 6 | MTI. Combine line 1 through line 5. If line 6 is zero or less, enter -0- | 6 | 0.00 |

Part III NOL Carryover and Disaster Loss Carryover Limitations. See Instructions.

| | | | |
|---|--------------------------|--------------------------|--|
| 1 | MTI from Part II, line 6 | (g) Available balance | |
|---|--------------------------|--------------------------|--|

Prior Year NOLs

| (a) Year of loss | (b) Code See instructions | (c) Type of NOL See below * | (d) Initial loss | (e) Carryover from 2015 | (f) Amount used in 2016 | (g) Available balance | (h) Carryover to 2017 col. (e) - col. (f) |
|---------------------------------------|----------------------------------|--------------------------------------|---------------------|----------------------------|----------------------------|--------------------------|---|
| 2 | | | | | | | |
| <input checked="" type="radio"/> 2015 | <input checked="" type="radio"/> | <input checked="" type="radio"/> GEN | 82,004. | 82,004. | 0. | 0. | 82,004. |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | | | | | |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | | | | | |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | | | | | |

Current Year NOLs

| | | | | | | | col. (d) - col. (f) See Instructions |
|---|------|----------------------------------|--------------------------------------|----------|--|--|---|
| 3 | 2016 | <input checked="" type="radio"/> | <input checked="" type="radio"/> DIS | | | | |
| 4 | 2016 | <input checked="" type="radio"/> | <input checked="" type="radio"/> GEN | 135,453. | | | 135,453. |
| | 2016 | <input checked="" type="radio"/> | <input type="radio"/> | | | | |
| | 2016 | <input checked="" type="radio"/> | <input type="radio"/> | | | | |

* **Type of NOL:** General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

| | | | |
|---|--|------------------------------------|------------|
| 5 | NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss | <input checked="" type="radio"/> 5 | 217,457.00 |
| 6 | Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses | <input checked="" type="radio"/> 6 | 00 |

Part IV NOL Carryback. See instructions.

1 2014 Taxable Income - Enter the amount from 2014 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a.

2 2015 Taxable Income - Enter the amount from 2015 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a.

| (a) Year of loss | (b) Code - See instructions | (c) Type of NOL - See below* | (d) Initial loss - See instructions | 2014 | | 2015 | | (i) Carryover to 2017 col. (d) minus col. (e) plus col. (g) |
|---------------------|--------------------------------|---------------------------------|--|--|--|--|--|--|
| | | | | (e) Carryback used - See instructions | (f) After carryback col. (d) minus col. (e) | (g) Carryback used - See instructions | (h) After carryback col. (f) minus col. (g) | |
| 3 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |

*Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS).

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2016 Income from Passthroughs

CA

MARBLE MOUNTAIN RANCH INC

I.D. NUMBER: [REDACTED]

TAXABLE INCOME (LOSS) SUMMARY:

| | |
|-------------------------|---------|
| NONPASSIVE LOSS ALLOWED | -67,727 |
|-------------------------|---------|

| | |
|------------------------------|----------------|
| NET INCOME (LOSS) FOR ENTITY | <u>-67,727</u> |
|------------------------------|----------------|

ACTIVITY INFORMATION:

MARBLE MOUNTAIN RANCH INC

| | |
|------------------------|---------|
| ORDINARY INCOME (LOSS) | -67,727 |
|------------------------|---------|

| | |
|------------------------------|-----------------------|
| TOTAL NONPASSIVE GAIN (LOSS) | <u><u>-67,727</u></u> |
|------------------------------|-----------------------|

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2016 Income from Passthroughs

CA

MARBLE MOUNTAIN RANCH INC

I.D. NUMBER: [REDACTED]

TAXABLE INCOME (LOSS) SUMMARY:

| | |
|-------------------------|---------|
| NONPASSIVE LOSS ALLOWED | -67,726 |
|-------------------------|---------|

| | |
|------------------------------|---------|
| NET INCOME (LOSS) FOR ENTITY | -67,726 |
|------------------------------|---------|

ACTIVITY INFORMATION:

MARBLE MOUNTAIN RANCH INC

| | |
|------------------------|---------|
| ORDINARY INCOME (LOSS) | -67,726 |
|------------------------|---------|

| | |
|------------------------------|---------|
| TOTAL NONPASSIVE GAIN (LOSS) | -67,726 |
|------------------------------|---------|

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DOUGLAS T. & HEIDI A. COLE

CA SCHEDULE CA RENTS, ROYALTIES, PARTNERSHIPS, ETC... STATEMENT 1

| DESCRIPTION | CALIFORNIA AMOUNT | FEDERAL AMOUNT | ADJUSTMENT |
|-------------------------------------|-------------------|----------------|------------|
| MARBLE MOUNTAIN RANCH INC | -67,727. | -68,627. | 900. |
| MARBLE MOUNTAIN RANCH INC | -67,726. | -68,626. | 900. |
| TOTAL TO SCHEDULE CA(540), LINE 17C | | | 1,800. |

CA 3805V NONBUSINESS INCOME STATEMENT 2

| DESCRIPTION | AMOUNT |
|-----------------------------|--------|
| INTEREST INCOME | 134. |
| TOTAL TO FORM 3805V, LINE 9 | 134. |

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ALTERNATIVE MINIMUM TAX

639051 11-30-16 CALIFORNIA FORM

TAXABLE YEAR

2016

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals, Estates, and Trusts

3805V

Attach to your California tax return.

SSN or ITIN

Names as shown on return

FEIN

DOUGLAS T. & HEIDI A. COLE

Part I Computation of Current Year NOL for Individuals, Estates, and Trusts. If you do not have a current year NOL, go to Part II.

Section A - California Residents Only (Nonresidents go to Section B.)

1 Adjusted gross income from 2016 Form 540, line 17. If negative, use brackets. 1 <89,019.> 00
2 Itemized deductions or standard deduction from 2016 Form 540, line 18 2 (0. 00)
3a Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets. 3a <89,019.> 00
3b 2016 declared disaster loss included in line 3a. Enter as a positive number 3b 00
3c Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, do not complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed 3c <89,019.> 00
4 Nonbusiness capital losses 4 00
5 Nonbusiness capital gains 5 00
6 If line 4 is more than line 5, enter the difference; otherwise, enter -0- 6 00
7 If line 4 is less than line 5, enter the difference; otherwise, enter -0- 7 00
8 Nonbusiness deductions 8 00
9 Nonbusiness income other than capital gains STMT 3 9 134. 00
10 Add line 7 and line 9 10 134. 00
11 If line 8 is more than line 10, enter the difference; otherwise, enter -0- 11 0. 00
12 If line 8 is less than line 10, enter the difference; otherwise, enter -0- 12 134. 00
13 Business capital losses 13 00
14 Business capital gains 14 00
15 Add line 12 and line 14 15 134. 00
16 If line 13 is more than line 15, enter the difference; otherwise, enter -0- 16 0. 00
17 Add line 6 and line 16 17 00
18 Enter the loss, if any, from line 8 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541). If you do not have a loss on that line, skip line 18 through line 21 and enter on line 22 the amount from line 17 18 00
19 Enter the loss, if any, from line 9 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number 19 00
20 If line 18 is more than line 19, enter the difference; otherwise, enter -0- 20 00
21 If line 19 is more than line 18, enter the difference; otherwise, enter -0- 21 00
22 Subtract line 20 from line 17. If zero or less, enter -0- 22 00
23 NOL and disaster loss carryovers from prior years 23 00
24 Add lines 11, 21, 22, and 23 24 00
25 Current Year NOL. Combine line 3c and line 24. If more than zero, enter -0-. You do not have a current year NOL to carryback or carryover 25 -89,019. 00
26 2016 NOL carryback used to offset 2014 taxable income. Enter the amount from Part IV, line 3, col. (e) 26 00
27 2016 NOL carryback used to offset 2015 taxable income. Enter the amount from Part IV, line 3, col. (g) 27 00
28 2016 NOL carryover to 2017. Combine line 25, line 26, and line 27. See instructions. If more than zero, enter -0-. You do not have a current year NOL to carryover 28 89,019. 00

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Section B - Nonresidents and Part-Year Residents Only - Computation of Current Year California NOL

| | (a) Enter total amounts as if you were a CA resident for entire year. | (b) Enter amounts earned or received from CA sources if you were a nonresident for the entire year. | (c) Enter amounts earned or received during the portion of the year you were a CA resident. | (d) Enter amounts earned or received from CA sources during the portion of the year you were a nonresident. | (e) Total Combine columns C and D |
|---|---|--|--|--|---|
| 1 Adjusted gross income. See instructions. If negative, use brackets 1 | | | | | |
| 2 Itemized deductions or standard deduc- tion. See instructions 2 () () () () () | | | | | |
| 3 a Combine line 1 and line 2. See instrs 3a | | | | | |
| b 2016 declared disaster loss included in line 3a. Enter as a positive number 3b | | | | | |
| c Combine line 3a and line 3b. If negative, use brackets and continue to line 4 ... 3c | | | | | |
| Enter amounts on line 4 through line 24 as if they were all positive numbers. | | | | | |
| 4 Nonbusiness capital losses 4 | | | | | |
| 5 Nonbusiness capital gains 5 | | | | | |
| 6 If line 4 is more than line 5, enter the difference; otherwise, enter -0- 6 | | | | | |
| 7 If line 4 is less than line 5, enter the difference; otherwise, enter -0- 7 | | | | | |
| 8 Nonbusiness deductions 8 | | | | | |
| 9 Nonbusiness income other than capital gains ... 9 | | | | | |
| 10 Add line 7 and line 9 10 | | | | | |
| 11 If line 8 is more than line 10, enter the difference; otherwise, enter -0- 11 | | | | | |
| 12 If line 8 is less than line 10, enter the difference; otherwise, enter -0- 12 | | | | | |
| 13 Business capital losses 13 | | | | | |
| 14 Business capital gains 14 | | | | | |
| 15 Add line 12 and line 14 15 | | | | | |
| 16 If line 13 is more than line 15, enter the difference; otherwise, enter -0- 16 | | | | | |
| 17 Add line 6 and line 16 17 | | | | | |
| 18 Enter the loss, if any, from line 4 of Schedule D (540NR) worksheet for nonresidents and part-year residents. See instructions 18 | | | | | |
| 19 Enter the loss, if any, from line 5 of Schedule D (540NR) worksheet for nonresidents and part-year residents. Enter as a positive number 19 | | | | | |
| 20 If line 18 is more than line 19, enter the difference; otherwise, enter -0- 20 | | | | | |
| 21 If line 19 is more than line 18, enter the difference; otherwise, enter -0- 21 | | | | | |
| 22 Subtract line 20 from line 17. If zero or less, enter -0- 22 | | | | | |
| 23 NOL & disaster loss carryovers from prior years 23 | | | | | |
| 24 Add lines 11, 21, 22, 23 24 | | | | | |
| 25 Current Year NOL. Combine line 3c and line 24. If more than zero, enter -0- 25 | | | | | |
| If the Individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2014 and/or 2015, complete Part IV, NOL Carryback, on Side 4 before completing Part I, Section B, lines 26-28 below. Enter lines 26 and 27 as positive numbers. | | | | | |
| 26 2016 NOL carryback used to offset 2014 taxable income. Enter the amount from Part IV, line 3, col. (e) 26 | | | | | |
| 27 2016 NOL carryback used to offset 2015 taxable income. Enter the amount from Part IV, line 3, col. (g) 27 | | | | | |
| 28 2016 NOL carryover to 2017. Combine line 25, line 26, and line 27. If more than zero, enter -0- 28 | | | | | |

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Section C - Election to Waive Carryback

Check the box if the Individual, Estate, or Trust elects to "relinquish" the entire carryback period with respect to a 2016 NOL under IRC Section 172(b)(3). By making the election, the Individual, Estate, or Trust is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it is **irrevocable**. See instructions.

Continue with Part II, Determine 2016 Modified Taxable Income (MTI) and Part III, NOL Carryover and Disaster Loss Carryover Limitations. **Do not** complete Part IV, NOL Carryback.

Part II Determine 2016 Modified Taxable Income (MTI). Be sure to read the instructions for Part II.

| | | | |
|---|--|---|------------|
| 1 | Taxable income. See instructions | 1 | -89,019.00 |
| Enter amounts on line 2 through line 5 as if they were all positive numbers. | | | |
| 2 | Capital loss deduction included in line 1 | 2 | 00 |
| 3 | Disaster loss carryover included in line 1 | 3 | 00 |
| 4 | NOL carryover included in line 1 | 4 | 00 |
| 5 | Adjustments to itemized deductions. See instructions | 5 | 00 |
| 6 | MTI. Combine line 1 through line 5. If line 6 is zero or less, enter -0- | 6 | 0.00 |

Part III NOL Carryover and Disaster Loss Carryover Limitations. See instructions.

| | | | |
|---|--------------------------|-----------------------|--|
| 1 | MTI from Part II, line 6 | (g) Available balance | |
|---|--------------------------|-----------------------|--|

Prior Year NOLs

| (a) Year of loss | (b) Code See instructions | (c) Type of NOL See below * | (d) Initial loss | (e) Carryover from 2015 | (f) Amount used in 2016 | (g) Available balance | (h) Carryover to 2017 col. (e) - col. (f) |
|---------------------|---------------------------------|-----------------------------------|---------------------|----------------------------|----------------------------|--------------------------|---|
| 2015 | | GEN | 52,532. | 52,532. | 0. | 0. | 52,532. |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Current Year NOLs

| (a) Year of loss | (b) Code See instructions | (c) Type of NOL See below * | (d) Initial loss | (e) Carryover from 2015 | (f) Amount used in 2016 | (g) Available balance | (h) Carryover to 2017 col. (d) - col. (f) See instructions |
|---------------------|---------------------------------|-----------------------------------|---------------------|----------------------------|----------------------------|--------------------------|---|
| 2016 | | DIS | | | | | |
| 2016 | | GEN | 89,019. | | | | 89,019. |
| 2016 | | | | | | | |
| 2016 | | | | | | | |

* **Type of NOL:** General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

| | | | |
|---|--|---|------------|
| 5 | NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss | 5 | 141,551.00 |
| 6 | Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses | 6 | 00 |

Part IV NOL Carryback. See instructions.

1 2014 Taxable Income - Enter the amount from 2014 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a.

2 2015 Taxable Income - Enter the amount from 2015 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a.

| (a) Year of loss | (b) Code - See instructions | (c) Type of NOL - See below* | (d) Initial loss - See instructions | 2014 | | 2015 | | (i) Carryover to 2017 col. (d) minus col. (e) plus col. (g) |
|------------------------|-----------------------------------|--|---|--|--|--|--|---|
| | | | | (e) Carryback used - See instructions | (f) After carryback col. (d) minus col. (e) | (g) Carryback used - See instructions | (h) After carryback col. (f) minus col. (g) | |
| 3 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |

*Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS).

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CA 3805V AMT ALTERNATIVE MINIMUM TAX NONBUSINESS INCOME STATEMENT 3

| DESCRIPTION | AMOUNT |
|----------------------------|--------|
| INTEREST INCOME | 134. |
| TOTAL TO 3805V AMT, LINE 9 | 134. |

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Allan K. Dorff, CPA Inc.
1181 Puerta Del Sol #140
San Clemente, CA 92673
949 498-5585 X121

August 30, 2017

Marble Mountain Ranch, Inc.
92520 Highway 96
Somes Bar, CA 95568

Dear Doug & Heidi,

We have prepared and enclosed your 2016 S Corporation income tax returns for the year ended December 31, 2016.

This return has been prepared for electronic filing. If you wish to have it transmitted electronically to the IRS, please sign, date, and return Form 8879-S to our office. We will then submit your electronic return to the IRS. Do not mail the paper copy of the return to the IRS.

No payment is required.

The California Form 100S return has been prepared for electronic filing. If you wish to have it transmitted electronically to the FTB, please sign, date and return Form 8453-C to our office. We will then submit the electronic return to the FTB. Do not mail a paper copy of the return to the FTB.

No payment is required.

Attached are Schedules K-1 for each shareholder indicating their share of income, deductions and credits to be reported on their respective tax returns. These schedules should be immediately forwarded to each of the shareholders.

Copies of the returns are enclosed for your files. We suggest that you retain these copies indefinitely.

Very truly yours,

Allan K. Dorff, CPA Inc.

S CORPORATION
Two-Year Comparison

2016

Name

Employer Identification Number

MARBLE MOUNTAIN RANCH, INC.

| Description | Prior Year | Current Year | Increase (Decrease) |
|---|------------|--------------|---------------------|
| ORDINARY BUSINESS INCOME (LOSS): | | | |
| INCOME: | | | |
| GROSS RECEIPTS OR SALES LESS RETURNS AND ALLOWANCES | 627,392. | 750,637. | 123,245. |
| COST OF GOODS SOLD | 4,179. | 1,387. | -2,792. |
| GROSS PROFITS | 623,213. | 749,250. | 126,037. |
| TOTAL INCOME | 623,213. | 749,250. | 126,037. |
| DEDUCTIONS: | | | |
| SALARIES AND WAGES LESS EMPLOYMENT CREDITS | 35,895. | 89,920. | 54,025. |
| REPAIRS AND MAINTENANCE | 58,461. | 63,669. | 5,205. |
| TAXES AND LICENSES | 15,766. | 21,139. | 5,373. |
| INTEREST | 16,853. | 11,108. | -5,745. |
| DEPRECIATION | 186,804. | 314,341. | 127,537. |
| ADVERTISING | 6,661. | 6,643. | -18. |
| OTHER DEDUCTIONS | 50,774. | 379,683. | -8,091. |
| TOTAL DEDUCTIONS | 708,217. | 886,503. | 178,286. |
| ORDINARY BUSINESS INCOME (LOSS) | -85,004. | -137,253. | -52,249. |
| S CORPORATION TAXES: | | | |
| PAYMENTS AND CREDITS: | | | |
| BALANCE DUE OR REFUND: | | | |
| SCHEDULE K: | | | |
| INCOME: | | | |
| ORDINARY BUSINESS INCOME (LOSS) | -85,004. | -137,253. | -52,249. |
| DEDUCTIONS: | | | |
| CHARITABLE CONTRIBUTIONS | 6,592. | 6,427. | -165. |
| INVESTMENT INTEREST: | | | |
| CREDITS: | | | |
| FOREIGN TAXES: | | | |

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S CORPORATION
Two-Year Comparison

2016

Name

Employer Identification Number

MARBLE MOUNTAIN RANCH, INC.

| Description | Prior Year | Current Year | Increase (Decrease) |
|---|------------|--------------|------------------------|
| AMT ITEMS: | | | |
| POST-1986 DEPRECIATION ADJUSTMENT | 29,472. | 46,300. | 16,828. |
| OTHER SCHEDULE K ITEMS: | | | |
| NONDEDUCTIBLE EXPENSES | 179. | 0. | -179. |
| INCOME (LOSS) | -91,596. | -143,680. | -52,084. |
| SCHEDULE M-1: | | | |
| NET INCOME (LOSS) PER BOOKS | -111,715. | -179,798. | -68,083. |
| TRAVEL & ENTERTAINMENT RECORDED ON BOOKS NOT INCLUDED ON SCHEDULE K | 179. | 0. | -179. |
| OTHER EXPENSES RECORDED ON BOOKS NOT INCLUDED ON SCHEDULE K | 19,940. | 36,118. | 16,178. |
| TOTAL EXPENSES RECORDED ON BOOKS NOT INCLUDED ON SCHEDULE K | 20,119. | 36,118. | 15,999. |
| TOTAL OF LINES 1 THROUGH 3 INCOME (LOSS) | -91,596. | -143,680. | -52,084. |
| SCHEDULE M-2: | | | |
| ACCUMULATED ADJUSTMENTS ACCOUNT: | | | |
| BALANCE AT BEGINNING OF TAX YEAR | 0. | -91,775. | -91,775. |
| LOSS FROM PAGE 1, LINE 21 | -85,004. | -137,253. | -52,249. |
| OTHER REDUCTIONS | 6,771. | 6,427. | -344. |
| COMBINE LINES 1 THROUGH 5 | -91,775. | -235,455. | -143,680. |
| BALANCE AT END OF TAX YEAR | -91,775. | -235,455. | -143,680. |
| OTHER ADJUSTMENTS ACCOUNT: | | | |
| SHAREHOLDERS' UNDISTRIBUTED TAXABLE INCOME PREVIOUSLY TAXED: | | | |

Form **8879-S**

IRS e-file Signature Authorization for Form 1120S

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

▶ Don't send to the IRS. Keep for your records.

▶ Information about Form 8879-S and its instructions is at www.irs.gov/form8879s.

2016

For calendar year 2016, or tax year beginning _____, 2016, ending _____, 20____.

Name of corporation **MARBLE MOUNTAIN RANCH, INC.** Employer identification number [REDACTED]

| Part I Tax Return Information (Whole dollars only) | | |
|---|---|-----------|
| 1 | Gross receipts or sales less returns and allowances (Form 1120S, line 1c) | 750,637. |
| 2 | Gross profit (Form 1120S, line 3) | 749,250. |
| 3 | Ordinary business income (loss) (Form 1120S, line 21) | -137,253. |
| 4 | Net rental real estate income (loss) (Form 1120S, Schedule K, line 2) | |
| 5 | Income (loss) reconciliation (Form 1120S, Schedule K, line 18) | -143,680. |

Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2016 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize ALLAN K. DORFF, CPA INC. to enter my PIN [REDACTED] as my signature on the corporation's 2016 electronically filed income tax return. ERO firm name don't enter all zeros

As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2016 electronically filed income tax return.

Officer's signature _____ Date _____ Title **PRESIDENT**

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [REDACTED] don't enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 3112, IRS e-file Application and Participation, and Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature **ALLAN K. DORFF, CPA INC.** Date _____

**ERO Must Retain This Form - See Instructions
Don't Submit This Form to the IRS Unless Requested To Do So**

For Paperwork Reduction Act Notice, see instructions.

Form **8879-S** (2016)

LHA

Form **7004**
(Rev. December 2016)
Department of the Treasury
Internal Revenue Service

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

OMB No. 1545-0233

▶ **File a separate application for each return.**
▶ Information about Form 7004 and its separate instructions is at www.irs.gov/form7004.

| | | |
|----------------------|--|---|
| Print or Type | Name MARBLE MOUNTAIN RANCH, INC. | Identifying number [REDACTED] |
| | Number, street, and room or suite no. (If P.O. box, see instructions.) 92520 HIGHWAY 96 | |
| | City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). SOMES BAR, CA 95568 | |

Note: File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.

Part I Automatic Extension for C Corporations With Tax Years Ending December 31. See instructions.

1a Enter the form code for the return listed below that this application is for

| Application Is For: | Form Code | Application Is For: | Form Code |
|---------------------|-----------|-----------------------------------|-----------|
| Form 1120 | 12 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 1120-C | 34 | Form 1120-PC | 21 |
| Form 1120-F | 15 | Form 1120-POL | 22 |
| Form 1120-FSC | 16 | Form 1120-REIT | 23 |
| Form 1120-H | 17 | Form 1120-RIC | 24 |
| Form 1120-L | 18 | Form 1120-SF | 26 |
| Form 1120-ND | 19 | | |

Part II Automatic Extension for Certain Estates and Trusts. See instructions.

b Enter the form code for the return listed below that this application is for

| Application Is For: | Form Code | Application Is For: | Form Code |
|---|-----------|---------------------|-----------|
| Form 1041 (estate other than a bankruptcy estate) | 04 | Form 1041 (trust) | 05 |

Part III Automatic Extension for Entities Not Using Part I, II, or IV. See instructions.

c Enter the form code for the return listed below that this application is for **25**

| Application Is For: | Form Code | Application Is For: | Form Code |
|------------------------------------|-----------|-----------------------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 706-GS(T) | 02 | Form 1120-PC | 21 |
| Form 1041 (bankruptcy estate only) | 03 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120S | 25 |
| Form 1065 | 09 | Form 1120-SF | 26 |
| Form 1065-B | 10 | Form 3520-A | 27 |
| Form 1066 | 11 | Form 8612 | 28 |
| Form 1120 | 12 | Form 8613 | 29 |
| Form 1120-C | 34 | Form 8725 | 30 |
| Form 1120-F | 15 | Form 8804 | 31 |
| Form 1120-FSC | 16 | Form 8831 | 32 |
| Form 1120-H | 17 | Form 8876 | 33 |
| Form 1120-L | 18 | Form 8924 | 35 |
| Form 1120-ND | 19 | Form 8928 | 36 |

Part IV Automatic Extension for C Corporations With Tax Years Ending June 30. See instructions.

d Enter the form code for the return listed below that this application is for

| Application Is For: | Form Code | Application Is For: | Form Code |
|---------------------|-----------|-----------------------------------|-----------|
| Form 1120 | 12 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 1120-C | 34 | Form 1120-PC | 21 |
| Form 1120-F | 15 | Form 1120-POL | 22 |
| Form 1120-FSC | 16 | Form 1120-REIT | 23 |
| Form 1120-H | 17 | Form 1120-RIC | 24 |
| Form 1120-L | 18 | Form 1120-SF | 26 |
| Form 1120-ND | 19 | | |

Part V All Filers Must Complete This Part

2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here

3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here

If checked, attach a statement listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here

5a The application is for calendar year 2016, or tax year beginning _____, and ending _____

b Short tax year. If this tax year is less than 12 months, check the reason: Initial return Final return
 Change in accounting period Consolidated return to be filed Other (see instructions - attach explanation)

6 Tentative total tax

| | | |
|---|--|----|
| 6 | | 0. |
|---|--|----|

7 Total payments and credits (see instructions)

| | | |
|---|--|----|
| 7 | | 0. |
|---|--|----|

8 Balance due. Subtract line 7 from line 6 (see instructions)

| | | |
|---|--|----|
| 8 | | 0. |
|---|--|----|

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Form 1120S

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

Department of the Treasury Internal Revenue Service

For calendar year 2016 or tax year beginning, and ending

Header section containing: A Selection effective date (02/02/2015), B Business activity code number (713900), C Check if Sch. M-3 attached, D Employer identification number, E Date incorporated (02/02/2015), F Total assets (\$2,445,250), G Is the corporation electing to be an S corporation beginning with this tax year? (Yes No), H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation, I Enter the number of shareholders who were shareholders during any part of the tax year (2).

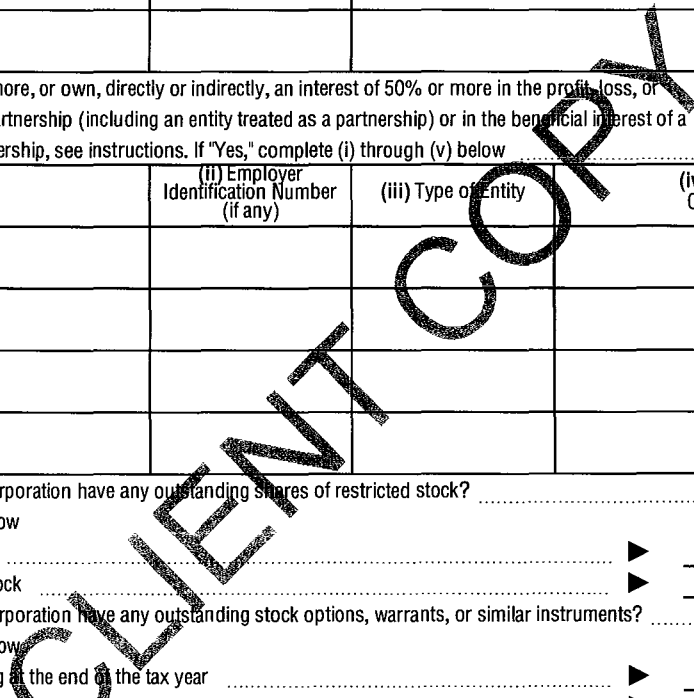
Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income, Deductions, and Tax and Payments. Includes rows for Gross receipts (750,637), Total income (749,250), Total deductions (886,503), and Ordinary business income (loss) (-137,253).

Sign Here section with signature line, date, title (PRESIDENT), and a box for 'May the IRS discuss this return with the preparer shown below (see instr.)?' (Yes No).

Preparer information section including: Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, PTIN (P01061094), Firm's name (ALLAN K. DORFF, CPA INC.), Firm's address (1181 PUERTA DEL SOL, #140 SAN CLEMENTE, CA 92673), Firm's EIN, and Phone no. (949 498-5585).

| Schedule B Other Information (see instructions) | | | | | Yes | No |
|---|--|--------------------------------|--------------------------------|--|-----|----|
| 1 Check accounting method: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____ | | | | | | |
| 2 See the instructions and enter the: (a) Business activity RECREATION (b) Product or service GUEST RANCH ADVENTUR | | | | | | |
| 3 At any time during the tax year, was any shareholder in the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation | | | | | | X |
| 4 At the end of the tax year, did the corporation: | | | | | | |
| a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below | | | | | | X |
| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of incorporation | (iv) Percentage of Stock Owned | (v) If Percentage in (iv) is 100%. Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below | | | | | | X |
| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Type of Entity | (iv) Country of Organization | (v) Maximum Percentage Owned in Profit, Loss, or Capital | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? _____ | | | | | | X |
| If "yes" complete lines (i) and (ii) below | | | | | | |
| (i) Total shares of restricted stock _____ | | | | | | |
| (ii) Total shares of non-restricted stock _____ | | | | | | |
| b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? _____ | | | | | | X |
| If "yes" complete lines (i) and (ii) below | | | | | | |
| (i) Total shares of stock outstanding at the end of the tax year _____ | | | | | | |
| (ii) Total shares of stock outstanding if all instruments were executed _____ | | | | | | |
| 6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide info. on any reportable transaction? _____ | | | | | | X |
| 7 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> | | | | | | |
| If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | | | | | |
| 8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years _____ \$ _____ | | | | | | |
| 9 Enter the accumulated earnings and profits of the corporation at the end of the tax year _____ \$ _____ | | | | | | |
| 10 Does the corporation satisfy both of the following conditions? | | | | | | |
| a The corporation's total receipts (see instructions) for the tax year were less than \$250,000 _____ | | | | | | |
| b The corporation's total assets at the end of the tax year were less than \$250,000 _____ | | | | | | X |
| If "Yes," the corporation is not required to complete Schedules L and M-1 | | | | | | |
| 11 During the tax year, did the corporation have any non-shareholder debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? _____ | | | | | | X |
| If "Yes," enter the amount of principal reduction _____ \$ _____ | | | | | | |
| 12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions _____ | | | | | | X |
| 13a Did the corporation make any payments in 2016 that would require it to file Form(s) 1099? _____ | | | | | X | |
| b If "Yes," did the corporation file or will it file all required Forms 1099? _____ | | | | | X | |



| Schedule K Shareholders' Pro Rata Share Items | | Total amount | |
|---|--|--------------|-----------|
| Income (Loss) | 1 Ordinary business income (loss) (page 1, line 21) | 1 | -137,253. |
| | 2 Net rental real estate income (loss) (attach Form 8825) | 2 | |
| | 3a Other gross rental income (loss) | 3a | |
| | b Expenses from other rental activities (attach statement) | 3b | |
| | c Other net rental income (loss). Subtract line 3b from line 3a | 3c | |
| | 4 Interest income | 4 | |
| | 5 Dividends: a Ordinary dividends | 5a | |
| | b Qualified dividends | 5b | |
| | 6 Royalties | 6 | |
| | 7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 7 | |
| 8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) | 8a | | |
| b Collectibles (28%) gain (loss) | 8b | | |
| c Unrecaptured section 1250 gain (attach statement) | 8c | | |
| 9 Net section 1231 gain (loss) (attach Form 4797) | 9 | | |
| 10 Other income (loss) (see instructions) Type ▶ | 10 | | |
| Deductions | 11 Section 179 deduction (attach Form 4562) | 11 | |
| | 12a Charitable contributions STATEMENT 3 | 12a | 6,427. |
| | b Investment interest expense | 12b | |
| | c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶ | 12c(2) | |
| d Other deductions (see instructions) Type ▶ | 12d | | |
| Credits | 13a Low-income housing credit (section 42(j)(5)) | 13a | |
| | b Low-income housing credit (other) | 13b | |
| | c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) | 13c | |
| | d Other rental real estate credits (see instructions) Type ▶ | 13d | |
| | e Other rental credits (see instructions) Type ▶ | 13e | |
| | f Biofuel producer credit (attach Form 6478) | 13f | |
| | g Other credits (see instructions) Type ▶ | 13g | |
| Foreign Transactions | 14a Name of country or U.S. possession ▶ | | |
| | b Gross income from all sources | 14b | |
| | c Gross income sourced at shareholder level | 14c | |
| | Foreign gross income sourced at corporate level | | |
| | d Passive category | 14d | |
| | e General category | 14e | |
| | f Other (attach statement) | 14f | |
| | Deductions allocated and apportioned at shareholder level | | |
| | g Interest expense | 14g | |
| | h Other | 14h | |
| | Deductions allocated and apportioned at corporate level to foreign source income | | |
| | i Passive category | 14i | |
| | j General category | 14j | |
| | k Other (attach statement) | 14k | |
| Other information | | | |
| l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | 14l | | |
| m Reduction in taxes available for credit (attach statement) | 14m | | |
| n Other foreign tax information (attach statement) | | | |
| Alternative Minimum Tax (AMT) Items | 15a Post-1986 depreciation adjustment | 15a | 46,300. |
| | b Adjusted gain or loss | 15b | |
| | c Depletion (other than oil and gas) | 15c | |
| | d Oil, gas, and geothermal properties - gross income | 15d | |
| | e Oil, gas, and geothermal properties - deductions | 15e | |
| | f Other AMT items (attach statement) | 15f | |
| Items Affecting Shareholder Basis | 16a Tax-exempt interest income | 16a | |
| | b Other tax-exempt income | 16b | |
| | c Nondeductible expenses | 16c | |
| | d Distributions (attach statement if required) | 16d | |
| | e Repayment of loans from shareholders | 16e | |

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| Schedule K Shareholders' Pro Rata Share Items (continued) | | Total amount | |
|--|---|--------------|-----------|
| Other Information | 17a Investment income | 17a | |
| | b Investment expenses | 17b | |
| | c Dividend distributions paid from accumulated earnings and profits | 17c | |
| | d Other items and amounts (attach statement) | | |
| Reconciliation | 18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l | 18 | -143,680. |

| Schedule L Balance Sheets per Books | Beginning of tax year | | End of tax year | |
|--|-----------------------|------------|-----------------|------------|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash | | 500. | | 499. |
| 2 a Trade notes and accounts receivable | | | | |
| b Less allowance for bad debts | | | | |
| 3 Inventories | | 2,500. | | 2,500. |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets (att. stmt.) | | | | |
| 7 Loans to shareholders | | | | |
| 8 Mortgage and real estate loans | | | | |
| 9 Other investments (att. stmt.) | | | | |
| 10 a Buildings and other depreciable assets | 2,778,105. | | 2,943,396. | |
| b Less accumulated depreciation | 186,804. | 2,591,301. | 501,145. | 2,442,251. |
| 11 a Depletable assets | | | | |
| b Less accumulated depletion | | | | |
| 12 Land (net of any amortization) | | | | |
| 13 a Intangible assets (amortizable only) | | | | |
| b Less accumulated amortization | | | | |
| 14 Other assets (att. stmt.) | | | | |
| 15 Total assets | | 2,594,301. | | 2,445,250. |
| Liabilities and Shareholders' Equity | | | | |
| 16 Accounts payable | | | | |
| 17 Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 Other current liabilities (att. stmt.) | | | | |
| 19 Loans from shareholders | | 23,219. | | 89,295. |
| 20 Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 Other liabilities (att. stmt.) | STATEMENT 4 | 82,703. | | 47,374. |
| 22 Capital stock | | 1,000. | | 1,000. |
| 23 Additional paid-in capital | | 2,599,094. | | 2,599,094. |
| 24 Retained earnings | STATEMENT 5 | -111,715. | | -291,513. |
| 25 Adjustments to shareholders' equity (att. stmt.) | | | | |
| 26 Less cost of treasury stock | | () | | () |
| 27 Total liabilities and shareholders' equity | | 2,594,301. | | 2,445,250. |

JWA

Form 1120S (2016)

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

Note: The corporation may be required to file Schedule M-3 (see instructions)

| | | | |
|--|-----------|--|-----------|
| 1 Net income (loss) per books | -179,798. | 5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize): a Tax-exempt interest \$ | |
| 2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): | | | |
| 3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize): a Depreciation \$ b Travel and entertainment \$ | | 6 Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize): a Depreciation \$ | |
| STMT 6 36,118. | 36,118. | 7 Add lines 5 and 6 | |
| 4 Add lines 1 through 3 | -143,680. | 8 Income (loss) (Schedule K, line 18). Line 4 less line 7 | -143,680. |

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

| | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|-------------------------------------|-------------------------------|---|
| 1 Balance at beginning of tax year | -91,775. | | |
| 2 Ordinary income from page 1, line 21 | | | |
| 3 Other additions | | | |
| 4 Loss from page 1, line 21 | (137,255) | | |
| 5 Other reductions STATEMENT 7 | (6,425) | | |
| 6 Combine lines 1 through 5 | -235,455. | | |
| 7 Distributions other than dividend distributions | | | |
| 8 Balance at end of tax year. Subtract line 7 from line 6 | -235,455. | | |

JWA

Form 1120S (2016)

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Form **1125-A**

Cost of Goods Sold

(Rev. October 2016)

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

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

| | |
|--|--|
| Name MARBLE MOUNTAIN RANCH, INC. | Employer identification number [REDACTED] |
|--|--|

| | | |
|---|---|--------|
| 1 Inventory at beginning of year | 1 | 2,500. |
| 2 Purchases | 2 | 1,387. |
| 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 | 3,887. |
| 7 Inventory at end of year | 7 | 2,500. |
| 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 | 1,387. |

- 9 a Check all methods used for valuing closing inventory:
- (i) Cost
 - (ii) Lower of cost or market
 - (iii) Other (Specify method used and attach explanation) ▶ _____
- b Check if there was a writedown of subnormal goods ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d _____
- e If property is produced or acquired for resale, do the rules of Section 263A apply to the entity? See instructions Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

For Paperwork Reduction Act Notice, see separate instructions.

Form 1125-A (Rev. 10-2016)

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

Depreciation and Amortization (Including Information on Listed Property) OTHER

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 MARBLE MOUNTAIN RANCH, INC. | Business or activity to which this form relates OTHER DEPRECIATION | Identifying number |
|---|--|--------------------|

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 | 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 9 | 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.)

| | | | |
|----|--|----|---------|
| 14 | Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year | 14 | |
| 15 | Property subject to section 168(f)(1) election | 15 | |
| 16 | Other depreciation (including ACRS) | 16 | 51,167. |

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 | 220,665. |
| 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 | 68,324. | 5 YRS. | HY | 200DB | 13,665. |
| c | 7-year property | 47,332. | 7 YRS. | HY | 200DB | 6,764. |
| d | 10-year property | 21,000. | 10 YRS. | HY | 200DB | 2,100. |
| e | 15-year property | | | | | |
| f | 20-year property | | | | | |
| g | 25-year property | | 25 yrs. | | S/L | |
| h | Residential rental property | / | 27.5 yrs. | MM | S/L | |
| | | / | 27.5 yrs. | MM | S/L | |
| i | Nonresidential real property | / | 39 yrs. | MM | S/L | |
| | | / | | MM | S/L | |

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

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

Part IV Summary (See instructions.)

| | | | |
|----|--|----|----------|
| 21 | Listed property. Enter amount from line 28 | 21 | 19,980. |
| 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 instr. | 22 | 314,341. |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

Part V Listed Property (Include automobiles, certain other vehicles, 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 24b If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | |
|---|-------------------------------|---|----------------------------|--|------------------------|--------------------------|-------------------------------|---------------------------------|
| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/investment use only) | (f) Recovery period | (g) Method/Convention | (h) Depreciation deduction | (i) Elected section 179 cost |
| 25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use | | | | | | | 25 | |
| 26 Property used more than 50% in a qualified business use: | | | | | | | | |
| | | % | | | | | | |
| SEE STATEMENT 8 | | % | | | | | 19,980. | |
| | | % | | | | | | |
| 27 Property used 50% or less in a qualified business use: | | | | | | | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 | | | | | | | 28 | 19,980. |
| 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 | | | | | | | | 29 |

Section B - Information on Use of Vehicles

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

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

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

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

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

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

Part VI Amortization

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|--|---------------------------------|---------------------------|---------------------|--|-----------------------------------|
| 42 Amortization of costs that begins during your 2016 tax year: | | | | | |
| | | | | | |
| 43 Amortization of costs that began before your 2016 tax year | | | | | 43 |
| 44 Total. Add amounts in column (f). See the instructions for where to report | | | | | 44 |

2016 DEPRECIATION AND AMORTIZATION REPORT

OTHER DEPRECIATION

OTHER

| Asset No. | Description | Date Acquired | Method | Life | Conv | Line No. | Unadjusted Cost Or Basis | Bus % Excl | Section 179 Expense | Reduction In Basis | Basis For Depreciation | Beginning Accumulated Depreciation | Current Sec 179 Expense | Current Year Deduction | Ending Accumulated Depreciation |
|-----------|-----------------------|---------------|--------|-------|------|----------|--------------------------|------------|---------------------|--------------------|------------------------|------------------------------------|-------------------------|------------------------|---------------------------------|
| 69 | STOCK - STARDUST | 03/01/16 | 200DE | 7.00 | | HY19C | 1,200. | | | | 1,200. | | | 172. | 172. |
| 70 | STOCK - SEDONA | 03/01/16 | 200DE | 7.00 | | HY19C | 1,200. | | | | 1,200. | | | 172. | 172. |
| 71 | STOCK - DARTANJON | 08/01/16 | 200DE | 7.00 | | HY19C | 1,200. | | | | 1,200. | | | 172. | 172. |
| | OTHER TOTAL OTHER | | | | | | 3,600. | | | | 3,600. | 0. | | 516. | 516. |
| | BUILDINGS | | | | | | | | | | | | | | |
| 43 | CABIN #1 | 02/02/15 | SL | 27.50 | | MM16 | 67,200. | | | | 67,200. | 2,240. | | 2,444. | 4,684. |
| 44 | CABIN #2 | 02/02/15 | SL | 27.50 | | MM16 | 106,400. | | | | 106,400. | 3,547. | | 3,869. | 7,416. |
| 45 | CABIN #3 | 02/02/15 | SL | 27.50 | | MM16 | 67,200. | | | | 67,200. | 2,240. | | 2,444. | 4,684. |
| 46 | CABIN #4 | 02/02/15 | SL | 27.50 | | MM16 | 67,200. | | | | 67,200. | 2,240. | | 2,444. | 4,684. |
| 47 | CABIN #5 & 6 - DUPLEX | 02/02/15 | SL | 27.50 | | MM16 | 108,500. | | | | 108,500. | 3,617. | | 3,945. | 7,562. |
| 48 | CABIN #7 & 8 - DUPLEX | 02/02/15 | SL | 27.50 | | MM16 | 80,640. | | | | 80,640. | 2,688. | | 2,932. | 5,620. |
| 49 | CABIN #9 | 02/02/15 | SL | 27.50 | | MM16 | 98,560. | | | | 98,560. | 3,285. | | 3,584. | 6,869. |
| 50 | CABIN #10 | 02/02/15 | SL | 27.50 | | MM16 | 87,360. | | | | 87,360. | 2,912. | | 3,177. | 6,089. |
| 51 | QUAILS NEST HOUSE | 02/02/15 | SL | 27.50 | | MM16 | 225,400. | | | | 225,400. | 7,513. | | 8,196. | 15,709. |
| 52 | SLEEPY HOLLOW HOUSE | 02/02/15 | SL | 27.50 | | MM16 | 109,200. | | | | 109,200. | 3,640. | | 3,971. | 7,611. |
| 53 | RIVER VIEW HOUSE | 02/02/15 | SL | 27.50 | | MM16 | 347,200. | | | | 347,200. | 11,573. | | 12,625. | 24,198. |
| 54 | COVERED RIDING ARENA | 02/02/15 | 200DE | 10.00 | | HY17 | 157,000. | | | | 157,000. | 15,700. | | 28,260. | 43,960. |
| 55 | ARENA TACK BUILDING | 02/02/15 | 200DE | 10.00 | | HY17 | 77,740. | | | | 77,740. | 7,774. | | 13,993. | 21,767. |

628111 04-01-16

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

OTHER DEPRECIATION

OTHER

| Asset No. | Description | Date Acquired | Method | Life | Conv | Line No. | Unadjusted Cost Or Basis | Bus % Excl | Section 179 Expense | Reduction In Basis | Basis For Depreciation | Beginning Accumulated Depreciation | Current Sec 179 Expense | Current Year Deduction | Ending Accumulated Depreciation |
|-----------|---|---------------|--------|-------|------|----------|--------------------------|------------|---------------------|--------------------|------------------------|------------------------------------|-------------------------|------------------------|---------------------------------|
| 56 | LODGE/MESS HALL | 02/02/15 | 150DB | 20.00 | | HY17 | 230,580. | | | | 230,580. | 8,647. | | 16,645. | 25,292. |
| 57 | HAY BARN | 02/02/15 | 200DB | 10.00 | | HY17 | 120,000. | | | | 120,000. | 12,000. | | 21,600. | 31,600. |
| 58 | TACK HOUSE | 02/02/15 | 200DB | 10.00 | | HY17 | 22,100. | | | | 22,100. | 2,210. | | 3,978. | 6,188. |
| 59 | SUFT SHOP | 02/02/15 | 150DB | 20.00 | | HY17 | 62,850. | | | | 62,850. | 2,258. | | 4,258. | 6,896. |
| 60 | LAUNDRY/SHOWER HOUSE | 02/02/15 | 150DB | 20.00 | | HY17 | 78,842. | | | | 78,842. | 2,957. | | 5,691. | 8,648. |
| 61 | GREENHOUSE | 02/02/15 | 200DB | 10.00 | | HY17 | 25,000. | | | | 25,000. | 1,500. | | 3,000. | 7,600. |
| 62 | POWER HOUSE | 02/02/15 | SL | 39.00 | | MM16 | 10,000. | | | | 10,000. | 235. | | 256. | 491. |
| 63 | CLUB ROOM | 02/02/15 | SL | 20.00 | | MM16 | 10,000. | | | | 10,000. | 456. | | 500. | 958. |
| 64 | SHOP BUILDING | 02/02/15 | 200DB | 10.00 | | HY17 | 156,000. | | | | 156,000. | 15,600. | | 28,080. | 43,680. |
| 72 | ARENA STUDIO HOOSING | 05/01/16 | SL | 27.50 | | MM16 | 21,000. | | | | 21,000. | 694. | | 694. | 694. |
| 73 | HAY BARN (REBUILD-SNOW DAMAGE COLLAPSE) | 05/01/16 | 200DB | 10.00 | | HY17 | 21,000. | | | | 21,000. | | | 2,100. | 2,100. |
| | * OTHER TOTAL BUILDINGS | | | | | | 2,364,617. | | | | 2,364,617. | 115,934. | | 180,460. | 296,400. |
| | FURNITURE & FIXTURES | | | | | | | | | | | | | | |
| 1 | FURNISHINGS - CABINS/HOUSES | 02/02/15 | 200DB | 10.00 | | HY17 | 522. | | | | 522. | 75. | | 128. | 203. |
| | * OTHER TOTAL FURNITURE & FIXTURES | | | | | | 522. | | | | 522. | 75. | | 128. | 203. |
| | MACHINERY & EQUIPMENT | | | | | | | | | | | | | | |
| 2 | RANGE FIREARMS | 02/02/15 | SL | 7.00 | | 16 | 600. | | | | 600. | 79. | | 86. | 165. |
| 3 | JET BOAT | 02/02/15 | 200DB | 7.00 | | HY17 | 10,392. | | | | 10,392. | 1,485. | | 2,545. | 4,030. |

628111 04-01-16

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

OTHER DEPRECIATION

OTHER

| Asset No. | Description | Date Acquired | Method | Life | Conv | Line No. | Unadjusted Cost Or Basis | Bus % Excl | Section 179 Expense | Reduction In Basis | Basis For Depreciation | Beginning Accumulated Depreciation | Current Sec 179 Expense | Current Year Deduction | Ending Accumulated Depreciation |
|-----------|--------------------------------|---------------|--------|------|------|----------|--------------------------|------------|---------------------|--------------------|------------------------|------------------------------------|-------------------------|------------------------|---------------------------------|
| 4 | SANTA FE BBQ | 04/01/15 | 200DE | 7.00 | | HXL7 | 2,775. | | | | 2,775. | 397. | | 679. | 1,076. |
| 5 | ZERC TURN MOWER | 03/15/15 | 200DE | 7.00 | | HXL7 | 9,800. | | | | 9,800. | 1,400. | | 2,400. | 3,800. |
| 13 | 2015 KUBOTA L3560 TRACTOR | 02/15/15 | 200DE | 7.00 | | HXL7 | 42,000. | | | | 42,000. | 6,000. | | 10,286. | 16,286. |
| 14 | 2015 HUSQVARNA MOWER | 02/15/15 | 200DE | 7.00 | | HXL7 | 9,000. | | | | 9,000. | 1,286. | | 2,204. | 3,490. |
| 15 | 2009 JOHN DEERE MOWER | 02/02/15 | 200DE | 7.00 | | HXL7 | 4,000. | | | | 4,000. | 572. | | 979. | 1,551. |
| 16 | 1941 JOHN DEERE MOWER | 02/02/15 | 200DE | 7.00 | | HXL7 | 1,500. | | | | 1,500. | 215. | | 167. | 522. |
| 17 | 6 SOTAR RAFTS | 03/15/15 | 200DE | 7.00 | | HXL7 | 24,000. | | | | 24,000. | 3,429. | | 5,877. | 9,306. |
| 18 | 6 SOTAR INFLATABLE KAYAKS | 02/02/15 | 200DE | 7.00 | | HXL7 | 16,000. | | | | 16,000. | 2,286. | | 3,918. | 6,204. |
| 19 | MISC RAFTING EQUIPMENT | 02/02/15 | 200DE | 7.00 | | HXL7 | 24,000. | | | | 24,000. | 3,429. | | 5,877. | 9,306. |
| 20 | RAFT TRAILER #1 | 02/02/15 | 200DE | 7.00 | | HXL7 | 2,000. | | | | 2,000. | 286. | | 490. | 776. |
| 21 | RAFT TRAILER #2 | 02/02/15 | 200DE | 7.00 | | HXL7 | 2,000. | | | | 2,000. | 286. | | 490. | 776. |
| 22 | 2 AXLE TRAILER | 02/02/15 | 200DE | 7.00 | | HXL7 | 3,500. | | | | 3,500. | 500. | | 857. | 1,357. |
| 23 | STOCK TRAILER | 02/02/15 | 200DE | 7.00 | | HXL7 | 4,000. | | | | 4,000. | 572. | | 979. | 1,551. |
| 24 | HYDE DRIFT BOAT #1 | 02/02/15 | 200DE | 7.00 | | HXL7 | 8,000. | | | | 8,000. | 1,143. | | 1,959. | 3,102. |
| 25 | HYDE DRIFT BOAT #2 | 02/02/15 | 200DE | 7.00 | | HXL7 | 7,000. | | | | 7,000. | 1,000. | | 1,714. | 2,714. |
| 26 | MOLLIE DRIFT BOAT | 02/02/15 | 200DE | 7.00 | | HXL7 | 3,500. | | | | 3,500. | 500. | | 857. | 1,357. |
| 27 | MISCELLANEOUS FISHING GEAR | 02/02/15 | 200DE | 7.00 | | HXL7 | 12,000. | | | | 12,000. | 1,715. | | 2,939. | 4,654. |
| 28 | 1997 WATER PURIFICATION SYSTEM | 02/02/15 | 200DE | 7.00 | | HXL7 | 500. | | | | 500. | 72. | | 122. | 194. |

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(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

OTHER DEPRECIATION

OTHER

| Asset No. | Description | Date Acquired | Method | Life | Conv | Line No. | Unadjusted Cost Or Basis | Bus % Excl | Section 179 Expense | * Reduction In Basis | Basis For Depreciation | Beginning Accumulated Depreciation | Current Sec 179 Expense | Current Year Deduction | Ending Accumulated Depreciation |
|-----------|---|---------------|--------|------|------|----------|--------------------------|------------|---------------------|----------------------|------------------------|------------------------------------|-------------------------|------------------------|---------------------------------|
| 29 | 2015 WATER PURIFICATION SYSTEM (UPGRADED) | 03/02/15 | 200DE | 7.00 | | HY17 | 32,000. | | | | 32,000. | 4,572. | | 7,837. | 12,409. |
| 30 | HOOK LATCH AG LINES & SPRINKLERS | 03/01/15 | 200DE | 7.00 | | HY17 | 8,000. | | | | 8,000. | 1,143. | | 1,959. | 3,102. |
| 31 | 20' CARGO CONTAINERS | 02/02/15 | 200DE | 7.00 | | HY17 | 8,000. | | | | 8,000. | 1,143. | | 1,959. | 3,102. |
| 32 | HORSE PANELS FENCING | 02/02/15 | 200DE | 7.00 | | HY17 | 11,000. | | | | 11,000. | 1,572. | | 3,694. | 4,266. |
| 33 | TACK FOR 25 HORSES | 02/02/15 | 200DE | 7.00 | | HY17 | 12,000. | | | | 12,000. | 1,715. | | 2,939. | 4,654. |
| 34 | VEHICLE/DEER 60KW GENSET | 02/02/15 | 200DE | 7.00 | | HY17 | 9,500. | | | | 9,500. | 1,357. | | 3,327. | 3,644. |
| 35 | IVECO 60KW GENSET | 02/02/15 | 200DE | 7.00 | | HY17 | 8,000. | | | | 8,000. | 1,143. | | 1,959. | 3,102. |
| 36 | HYDROPLANT 40 KW GENERATOR | 03/15/15 | 200DE | 7.00 | | HY17 | 50,000. | | | | 50,000. | 7,143. | | 12,245. | 19,388. |
| 37 | HONDA PORTABLE GENSET | 03/01/15 | 200DE | 7.00 | | HY17 | 3,936. | | | | 3,936. | 563. | | 964. | 1,527. |
| 38 | SOIL TAMPER | 02/02/15 | 200DE | 7.00 | | HY17 | 3,500. | | | | 3,500. | 500. | | 857. | 1,357. |
| 39 | WELDING EQUIPMENT | 02/02/15 | 200DE | 7.00 | | HY17 | 3,500. | | | | 3,500. | 500. | | 857. | 1,357. |
| 40 | MISC CONSTRUCTION TOOLS & EQUIPMENT | 02/02/15 | 200DE | 7.00 | | HY17 | 20,000. | | | | 20,000. | 2,857. | | 4,896. | 7,753. |
| 41 | 500 GAL CONTAINMENT FUEL TANK | 02/02/15 | 200DE | 7.00 | | HY17 | 5,000. | | | | 5,000. | 715. | | 1,224. | 1,939. |
| 42 | 650 GAL CONTAINMENT FUEL TANK | 02/02/15 | 200DE | 7.00 | | HY17 | 7,000. | | | | 7,000. | 1,000. | | 1,714. | 2,714. |
| 66 | MINI EXCAVATOR | 05/06/16 | 200DE | 7.00 | | HY19C | 3,478. | | | | 3,478. | | | 497. | 497. |
| 67 | WATER FILTRATION SYSTEM | 02/24/16 | 200DE | 7.00 | | HY19C | 33,503. | | | | 33,503. | | | 4,786. | 4,786. |
| | * OTHER TOTAL MACHINERY & EQUIPMENT | | | | | | 404,984. | | | | 404,984. | 52,575. | | 95,341. | 147,916. |
| | TRANSPORTATION EQUIPMENT | | | | | | | | | | | | | | |

628111 04-01-16

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

OTHER DEPRECIATION

OTHER

| Asset No. | Description | Date Acquired | Method | Life | Code | Line No. | Unadjusted Cost Or Basis | Bus % Excl | Section 179 Expense | Reduction In Basis | Basis For Depreciation | Beginning Accumulated Depreciation | Current Sec 179 Expense | Current Year Deduction | Ending Accumulated Depreciation | |
|------------------------------------|--------------------------|---------------|--------|------|-------|----------|--------------------------|------------|---------------------|--------------------|------------------------|------------------------------------|-------------------------|------------------------|---------------------------------|----------|
| 6 | 2014 JEEP GRAND CHEROKEE | 02/02/15 | 200DB | 5.00 | HY21 | | 32,598. | | | | 32,598. | 3,160. | | 5,100. | 8,260. | |
| 7 | 2011 TOYOTA RAV4 | 02/02/15 | 200DB | 5.00 | HY21 | | 5,000. | | | | 5,000. | 1,000. | | 1,600. | 2,600. | |
| 8 | 2011 FORD VAN | 02/02/15 | 200DB | 5.00 | HY21 | | 19,000. | | | | 19,000. | 3,460. | | 5,600. | 9,060. | |
| 9 | 2008 FORD VAN | 02/02/15 | 200DB | 5.00 | HY21 | | 16,000. | | | | 16,000. | 3,200. | | 5,120. | 8,320. | |
| 10 | 2006 FORD VAN | 02/02/15 | 200DB | 5.00 | HY21 | | 8,000. | | | | 8,000. | 1,600. | | 2,560. | 4,160. | |
| 11 | 2015 HONDA ATV | 02/02/15 | 200DB | 5.00 | HY17 | | 7,500. | | | 3,750. | 3,750. | 750. | | 1,200. | 1,950. | |
| 12 | 2013 HONDA ATV | 02/02/15 | 200DB | 5.00 | HY17 | | 6,500. | | | | 6,500. | 1,300. | | 2,080. | 3,380. | |
| 65 | KAWASAKI ATV | 07/09/16 | 200DB | 7.00 | HY19C | | 6,751. | | | | 6,751. | | | 965. | 965. | |
| 68 | 2017 GMC 3500 | 02/12/16 | 200DB | 5.00 | HY19B | | 68,324. | | | | 68,324. | | | 13,665. | 13,665. | |
| * OTHER TOTAL TRANSPORTATION EQUIP | | | | | | | 67,500. | | | 3,750. | 165,923. | 14,470. | | 37,890. | 52,360. | |
| * GRAND TOTAL OTHER DEPRECIATION | | | | | | | 2,943,396. | | | 3,750. | 2,939,646. | 183,054. | | 314,341. | 497,395. | |
| CURRENT YEAR ACTIVITY | | | | | | | | | | | | | | | | |
| BEGINNING BALANCE | | | | | | | 2,778,105. | | 0. | 3,750. | 2,774,355. | 183,054. | | | | 474,172. |
| ACQUISITIONS | | | | | | | 165,291. | | 0. | 0. | 165,291. | 0. | | | | 23,223. |
| DISPOSITIONS | | | | | | | 0. | | 0. | 0. | 0. | 0. | | | | 0. |
| ENDING BALANCE | | | | | | | 2,943,396. | | 0. | 3,750. | 2,939,646. | 183,054. | | | | 497,395. |

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(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

Section 1.263(a)-1(f) De Minimis Safe Harbor Election

Marble Mountain Ranch, Inc.
92520 Highway 96
Somes Bar, CA 95568

Employer Identification Number: [REDACTED]

For the Year Ending December 31, 2016

Marble Mountain Ranch, Inc. is making the de minimis safe harbor election under Reg. Sec. 1.263(a)-1(f).

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MARBLE MOUNTAIN RANCH, INC.

| FORM 1120S | TAXES AND LICENSES | STATEMENT 1 |
|--------------------------------------|--------------------|-------------|
| DESCRIPTION | | AMOUNT |
| BOE | | 682. |
| BUSINESS LICENSES & SPECIAL PERMITS | | 742. |
| COUNTY BED TAX | | 912. |
| PAYROLL TAXES | | 10,512. |
| REAL PROPERTY TAXES - RANCH | | 5,174. |
| STATE FIRE TAX | | 117. |
| CALIFORNIA TAXES - BASED ON INCOME | | 3,000. |
| TOTAL TO FORM 1120S, PAGE 1, LINE 12 | | 21,139. |

| FORM 1120S | OTHER DEDUCTIONS | STATEMENT 2 |
|-----------------------------------|------------------|-------------|
| DESCRIPTION | | AMOUNT |
| AMMUNITION & RANGE EXPENSES | | 17,238. |
| AUTO FEES & REGISTRATION | | 792. |
| BANK FEES | | 322. |
| CASUAL LABOR | | 3,466. |
| COMMISSIONS & REFERRAL FEES | | 27,771. |
| DUES & SUBSCRIPTIONS | | 3,423. |
| FISH FOR STOCKING POND | | 800. |
| FISHING EXPENSES | | 946. |
| FOOD/LODGING/SUPPLIES-DAY TRIPS | | 65,127. |
| FUEL | | 5,536. |
| HORSE TACK/GEAR | | 234. |
| INSURANCE - OTHER | | 16,685. |
| LEGAL AND PROFESSIONAL FEES | | 75,342. |
| LINENS & SUPPLIES | | 9,083. |
| MISCELLANEOUS EXPENSE | | 2,966. |
| OFFICE EXPENSE | | 2,206. |
| OFFICE SUPPLIES | | 1,204. |
| OUTSIDE SERVICES | | 15,350. |
| PARKING | | 3. |
| POSTAGE | | 515. |
| RAFTING EXPENSES | | 12,017. |
| RANCH ACTIVITIES & ENTERTAINMENT | | 1,315. |
| RANCH UNIFORMS | | 1,058. |
| RANCH UTILITIES | | 26,843. |
| SMALL SPORTING EQUIPMENT EXPENSES | | 561. |
| SOCIAL MEDIA COSTS | | 465. |
| SPECIAL USE PERMITS - USFS/BLM | | 5,199. |
| STOCK FEED | | 26,348. |
| SUPPLIES & SMALL TOOLS | | 3,077. |
| TELEPHONE EXPENSES | | 5,372. |
| TOOLS - OTHER | | 1,246. |

MARBLE MOUNTAIN RANCH, INC.

| | |
|---|-----------------|
| TRAILER RIGGING | 1,499. |
| TRAVEL | 2,815. |
| VEHICLE INSURANCE | 6,313. |
| VEHICLE MAINTENANCE & UPKEEP | 6,201. |
| VEHICLE REPAIR | 9,374. |
| VETERINARY EXPENSES | 3,222. |
| WEBSITE DEVELOPMENT/MAINTENANCE | 5,335. |
| WORKERS COMP INSURANCE | 12,414. |
| TOTAL TO FORM 1120S, PAGE 1, LINE 19 | 379,683. |

| | | | | | | |
|--------------------------------|----------|--------------------------|-----------|-----------|-----------|---|
| SCHEDULE K | | CHARITABLE CONTRIBUTIONS | | | STATEMENT | 3 |
| DESCRIPTION | NO LIMIT | 50% / 100% LIMIT | 30% LIMIT | 20% LIMIT | | |
| CHARITABLE CONTRIBUTIONS | | 6,427. | | | | |
| TOTALS TO SCHEDULE K, LINE 12A | | 6,427. | | | | |

| | | | | | |
|------------------------------|--|-----------------------|-----------------|-----------|---|
| SCHEDULE L | | OTHER LIABILITIES | | STATEMENT | 4 |
| DESCRIPTION | | BEGINNING OF TAX YEAR | END OF TAX YEAR | | |
| OTHER LIABILITIES | | 82,703. | 47,374. | | |
| TOTAL TO SCHEDULE L, LINE 21 | | 82,703. | 47,374. | | |

| | | | | | |
|--|--|---|--|-----------|---|
| SCHEDULE L | | ANALYSIS OF TOTAL RETAINED EARNINGS PER BOOKS | | STATEMENT | 5 |
| DESCRIPTION | | | | AMOUNT | |
| BALANCE AT BEGINNING OF YEAR | | | | -111,715. | |
| NET INCOME PER BOOKS | | | | -179,798. | |
| DISTRIBUTIONS | | | | 0. | |
| OTHER INCREASES (DECREASES) | | | | | |
| BALANCE AT END OF YEAR - SCHEDULE L, LINE 24, COLUMN (D) | | | | -291,513. | |

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MARBLE MOUNTAIN RANCH, INC.

| SCHEDULE M-1 | EXPENSES RECORDED ON BOOKS THIS YEAR NOT INCLUDED ON SCHEDULE K | STATEMENT 6 |
|---|--|-------------|
| DESCRIPTION | | AMOUNT |
| INTEREST EXPENSE - RESIDENCE APPORTIONMENT | | 326. |
| OTHER NON-DEDUCTIBLE EXPENSE | | 4,000. |
| REAL PROPERTY TAXES - RESIDENCE APPORTIONMENT | | 160. |
| SHAREHOLDERS HEALTH INSURANCE | | 20,128. |
| UTILITIES EXPENSE - RESIDENCE APPORTIONMENT | | 11,504. |
| TOTAL TO SCHEDULE M-1, LINE 3 | | 36,118. |

| SCHEDULE M-2 | ACCUMULATED ADJUSTMENTS ACCOUNT- OTHER REDUCTIONS | STATEMENT 7 |
|--|---|-------------|
| DESCRIPTION | | AMOUNT |
| CHARITABLE CONTRIBUTIONS | | 6,427. |
| TOTAL TO SCHEDULE M-2, LINE 5 - COLUMN (A) | | 6,427. |

FORM 4562, PART V LISTED PROPERTY INFORMATION-MORE THAN 50% STATEMENT 8

| (A) DESCRIPTION | (B) DATE | (C) BUS. % | (D) COST | (E) BASIS | (F) LIFE | (G) MTH/CV | (H) DEDUCTION | (I) 179 ELECTED |
|--------------------------|-----------------|--------------------|---------------------|--------------------|-----------------------------|------------------------|------------------------------------|-----------------|
| (J) AUTO NO | (K) TOTAL MILES | (L) BUSINESS MILES | (M) COMMUTING MILES | (N) PERSONAL MILES | (O) WAS VEH. AVAIL.? Y N | (P) > 5% OWNER? Y N | (Q) ANOTHER VEH. AVAILABLE? Y N | |
| 2014 JEEP GRAND CHEROKEE | 02/02/15 | 100.00 | 32,598. | 32,598. | 5.00 | 200DB-HY X X | 5,100. X | |
| 2011 TOYOTA RAV4 | 02/02/15 | 100.00 | 5,000. | 5,000. | 5.00 | 200DB-HY X X | 1,600. X | |
| 2011 FORD VAN | 02/02/15 | 100.00 | 19,000. | 19,000. | 5.00 | 200DB-HY X X | 5,600. X | |
| 2008 FORD VAN | 02/02/15 | 100.00 | 16,000. | 16,000. | 5.00 | 200DB-HY X X | 5,120. X | |

MARBLE MOUNTAIN RANCH, INC.

| | | | | | | | | |
|-----------|----------|--------|--------|--------|------|----------|--------|--|
| 2006 FORD | 02/02/15 | | | | | | | |
| VAN | | 100.00 | 8,000. | 8,000. | 5.00 | 200DB-HY | 2,560. | |
| | | | | | X | X | X | |

TOTAL TO FORM 4562, PART V, LINE 26

19,980.

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ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

| Asset No. | Description | Date Acquired | AMT Method | AMT Life | AMT Cost Or Basis | AMT Accumulated | Regular Depreciation | AMT Depreciation | AMT Adjustment |
|-----------|--|---------------|------------|----------|-------------------|-----------------|----------------------|------------------|----------------|
| 69 | STOCK - STARDUST | 030116 | 200DB | 7.00 | 1,200. | 0. | 172. | 172. | 0. |
| 70 | STOCK - SEDONA | 030116 | 200DB | 7.00 | 1,200. | 0. | 172. | 172. | 0. |
| 71 | STOCK - DARTANJION | 080116 | 200DB | 7.00 | 1,200. | 0. | 172. | 172. | 0. |
| 43 | CABIN #1 | 020215 | | 27.50 | 67,200. | 2,240. | 2,444. | 2,444. | 0. |
| 44 | CABIN #2 | 020215 | | 27.50 | 106,400. | 3,547. | 3,869. | 3,869. | 0. |
| 45 | CABIN #3 | 020215 | | 27.50 | 67,200. | 2,240. | 2,444. | 2,444. | 0. |
| 46 | CABIN #4 | 020215 | | 27.50 | 67,200. | 2,240. | 2,444. | 2,444. | 0. |
| 47 | CABIN #5 & 6 - DUPLEX | 020215 | | 27.50 | 108,500. | 3,687. | 3,945. | 3,945. | 0. |
| 48 | CABIN #7 & 8 - DUPLEX | 020215 | | 27.50 | 80,640. | 2,688. | 2,932. | 2,932. | 0. |
| 49 | CABIN #9 | 020215 | | 27.50 | 98,500. | 3,285. | 3,584. | 3,584. | 0. |
| 50 | CABIN #10 | 020215 | | 27.50 | 87,360. | 2,912. | 3,177. | 3,177. | 0. |
| 51 | DUALS NEST HOUSE | 020215 | | 27.50 | 225,000. | 7,513. | 8,196. | 8,196. | 0. |
| 52 | SLEEPY HOLLOW HOUSE | 020215 | | 27.50 | 109,200. | 3,640. | 3,971. | 3,971. | 0. |
| 53 | RIVER VIEW HOUSE | 020215 | | 27.50 | 147,000. | 11,573. | 12,625. | 12,625. | 0. |
| 54 | COVERED RIDING ARENA | 020215 | 150DB | 10.00 | 157,000. | 11,775. | 28,260. | 21,784. | 6,476. |
| 55 | ARENA TACK BUILDING | 020215 | 150DB | 10.00 | 77,740. | 5,831. | 13,993. | 10,786. | 3,207. |
| 56 | LODGE/MESS HALL | 020215 | 150DB | 10.00 | 230,580. | 8,647. | 16,645. | 16,645. | 0. |
| 57 | HAY BARN | 020215 | 150DB | 10.00 | 120,000. | 9,000. | 21,600. | 16,650. | 4,950. |
| 58 | TACK HOUSE | 020215 | 150DB | 10.00 | 22,100. | 1,658. | 3,978. | 3,066. | 912. |
| 59 | GIFT SHOP | 020215 | 150DB | 10.00 | 62,860. | 2,358. | 4,538. | 4,538. | 0. |
| 60 | LAUNDRY/SHOWER HOUSE | 020215 | 150DB | 10.00 | 78,842. | 2,957. | 5,691. | 5,691. | 0. |
| 61 | GREENHOUSE | 020215 | 150DB | 10.00 | 25,000. | 1,875. | 4,500. | 3,469. | 1,031. |
| 62 | POWER HOUSE | 020215 | | 39.00 | 10,000. | 235. | 256. | 256. | 0. |
| 63 | GAME ROOM | 020215 | | 20.00 | 10,000. | 458. | 500. | 500. | 0. |
| 64 | SHOP BUILDING | 020215 | 150DB | 10.00 | 156,000. | 11,700. | 28,080. | 21,645. | 6,435. |
| 72 | ARENA STUDIO HOUSING HAY BARN (REBUILD-SNOW DAMAGE COLLAPSE) | 050116 | | 27.50 | 28,635. | 0. | 694. | 694. | 0. |
| 73 | FURNISHINGS - CABINS/HOUSES | 050116 | 150DB | 10.00 | 21,000. | 0. | 2,100. | 1,575. | 525. |
| 1 | RANGE FIREARMS | 020215 | 150DB | 7.00 | 522. | 56. | 128. | 100. | 28. |
| 2 | JET BOAT | 020215 | 150DB | 7.00 | 600. | 79. | 86. | 86. | 0. |
| 3 | SANTA FE BBQ | 040115 | 150DB | 7.00 | 10,392. | 1,114. | 2,545. | 1,988. | 557. |
| 4 | ZERO TURN MOWER | 031515 | 150DB | 7.00 | 2,775. | 298. | 679. | 531. | 148. |
| 5 | 2015 KUBOTA L3560 TRACTOR | 021515 | 150DB | 7.00 | 9,800. | 1,050. | 2,400. | 1,875. | 525. |
| 13 | | 021515 | 150DB | 7.00 | 42,000. | 4,500. | 10,286. | 8,036. | 2,250. |

628104
04-01-16

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

| Asset No. | Description | Date Acquired | AMT Method | AMT Life | AMT Cost Or Basis | AMT Accumulated | Regular Depreciation | AMT Depreciation | AMT Adjustment |
|-----------|---|---------------|------------|----------|-------------------|-----------------|----------------------|------------------|----------------|
| 14 | 2015 HUSQVARNA MOWER | 02/21/15 | 150DB | 7.00 | 9,000. | 965. | 2,204. | 1,722. | 482. |
| 15 | 2009 JOHN DEERE MOWER | 02/02/15 | 150DB | 7.00 | 4,000. | 429. | 979. | 753. | 214. |
| 16 | 1941 JOHN DEERE MOWER | 02/02/15 | 150DB | 7.00 | 1,500. | 161. | 367. | 287. | 80. |
| 17 | 6 SOTAR RAFTS | 03/15/15 | 150DB | 7.00 | 24,000. | 2,572. | 5,877. | 4,592. | 1,285. |
| 18 | SOTAR INFLATABLE KAYAKS | 02/02/15 | 150DB | 7.00 | 16,000. | 1,715. | 3,918. | 3,061. | 857. |
| 19 | MISC RAFTING EQUIPMENT | 02/02/15 | 150DB | 7.00 | 24,000. | 2,572. | 5,877. | 4,592. | 1,285. |
| 20 | RAFT TRAILER #1 | 02/02/15 | 150DB | 7.00 | 2,000. | 215. | 490. | 383. | 107. |
| 21 | RAFT TRAILER #2 | 02/02/15 | 150DB | 7.00 | 2,000. | 215. | 490. | 383. | 107. |
| 22 | AXLE TRAILER | 02/02/15 | 150DB | 7.00 | 3,500. | 375. | 857. | 670. | 187. |
| 23 | HYDE DRIFT BOAT #1 | 02/02/15 | 150DB | 7.00 | 8,000. | 857. | 1,959. | 1,531. | 428. |
| 24 | HYDE DRIFT BOAT #2 | 02/02/15 | 150DB | 7.00 | 8,000. | 857. | 1,959. | 1,531. | 428. |
| 25 | WILLIE DRIFT BOAT | 02/02/15 | 150DB | 7.00 | 3,500. | 375. | 857. | 670. | 187. |
| 27 | MISCELLANEOUS FISHING GEAR | 02/02/15 | 150DB | 7.00 | 17,000. | 1,286. | 2,939. | 2,299. | 643. |
| 28 | 1997 WATER PURIFICATION SYSTEM | 02/02/15 | 150DB | 7.00 | 500. | 54. | 122. | 96. | 26. |
| 29 | 2015 WATER PURIFICATION SYSTEM (UPGRADED) | 03/02/15 | 150DB | 7.00 | 32,000. | 3,429. | 7,837. | 6,122. | 1,715. |
| | HOOK LATCH AG LINES & SPRINKLERS | 03/01/15 | 150DB | 7.00 | 8,000. | 857. | 1,959. | 1,531. | 428. |
| 31 | 20' CARGO CONTAINERS | 02/02/15 | 150DB | 7.00 | 8,000. | 857. | 1,959. | 1,531. | 428. |
| 32 | HORSE PANELS FENCING | 02/02/15 | 150DB | 7.00 | 14,000. | 1,179. | 2,694. | 2,105. | 589. |
| 33 | TACK FOR 25 HORSES | 02/02/15 | 150DB | 7.00 | 12,000. | 1,286. | 2,939. | 2,296. | 643. |
| 34 | JOHN DEERE 60KW GENSET | 02/02/15 | 150DB | 7.00 | 9,500. | 1,018. | 2,327. | 1,818. | 509. |
| 35 | IVECO 60KW GENSET | 02/02/15 | 150DB | 7.00 | 8,000. | 857. | 1,959. | 1,531. | 428. |
| 36 | HYDROPLANT 40 KW GENERATOR | 03/15/15 | 150DB | 7.00 | 50,000. | 5,357. | 12,245. | 9,566. | 2,679. |
| 37 | HONDA PORTABLE GENSET | 07/01/15 | 150DB | 7.00 | 3,936. | 422. | 964. | 753. | 211. |
| 38 | SOIL TAMPER | 02/02/15 | 150DB | 7.00 | 3,500. | 375. | 857. | 670. | 187. |
| 39 | WELDING EQUIPMENT | 02/02/15 | 150DB | 7.00 | 3,500. | 375. | 857. | 670. | 187. |
| 40 | MISC CONSTRUCTION TOOLS & EQUIPMENT | 02/02/15 | 150DB | 7.00 | 20,000. | 2,143. | 4,898. | 3,827. | 1,071. |
| 41 | 500 GAL CONTAINMENT FUEL TANK | 02/02/15 | 150DB | 7.00 | 5,000. | 536. | 1,224. | 957. | 267. |
| 42 | 650 GAL CONTAINMENT FUEL TANK | 02/02/15 | 150DB | 7.00 | 7,000. | 750. | 1,714. | 1,339. | 375. |
| 66 | MINI EXCAVATOR | 05/06/16 | 200DB | 7.00 | 3,478. | 0. | 497. | 497. | 0. |

628104
04-01-16

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

| Asset No. | Description | Date Acquired | AMT Method | AMT Life | AMT Cost Or Basis | AMT Accumulated | Regular Depreciation | AMT Depreciation | AMT Adjustment |
|-----------------------------|--------------------------|---------------|------------|----------|-------------------|-----------------|----------------------|------------------|----------------|
| 67 | WATER FILTRATION SYSTEM | 022416 | 200DB | 7.00 | 33,503. | 0. | 4,786. | 4,786. | 0. |
| 62 | 2014 JEEP GRAND CHEROKEE | 020215 | 50DB | 5.00 | 32,598. | 3,160. | 5,100. | 5,100. | 0. |
| 72 | 2011 TOYOTA RAV4 | 020215 | 50DB | 5.00 | 5,000. | 750. | 1,600. | 1,275. | 325. |
| 82 | 2011 FORD VAN | 020215 | 50DB | 5.00 | 19,000. | 2,850. | 5,600. | 4,845. | 755. |
| 92 | 2008 FORD VAN | 020215 | 50DB | 5.00 | 16,000. | 2,400. | 5,120. | 4,080. | 1,040. |
| 102 | 2006 FORD VAN | 020215 | 50DB | 5.00 | 8,000. | 1,200. | 2,560. | 2,040. | 520. |
| 112 | 2015 HONDA ATV | 020215 | 200DB | 5.00 | 7,500. | 750. | 1,200. | 1,200. | 0. |
| 122 | 2013 HONDA ATV | 020215 | 50DB | 5.00 | 6,500. | 75. | 2,080. | 1,658. | 422. |
| 65 | KAWASAKI ATV | 070916 | 200DB | 7.00 | 6,751. | 0. | 965. | 965. | 0. |
| 68 | 2017 GMC 3500 | 021216 | 200DB | 5.00 | 68,525. | 0. | 13,665. | 13,665. | 0. |
| TOTALS | | | | | 2,943,896. | 153,582. | 314,341. | 258,041. | 46,300. |
| MACRS AMT ADJUSTMENT | | | | | | | | 46,300. | |

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Schedule K-1 (Form 1120S)

2016

Final K-1 Amended K-1 OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

For calendar year 2016, or tax year beginning ending

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

Part I Information About the Corporation
A Corporation's employer identification number
B Corporation's name, address, city, state, and ZIP code
MARBLE MOUNTAIN RANCH, INC.
92520 HIGHWAY 96
SOMES BAR, CA 95568
C IRS Center where corporation filed return
E-FILE
Part II Information About the Shareholder
D Shareholder's identifying number
E Shareholder's name, address, city, state and ZIP code
DOUGLAS T. COLE
92520 HIGHWAY 96
SOMES BAR, CA 95568
F Shareholder's percentage of stock ownership for tax year 50.000000%

Table with 4 columns: Line number, Description, Total amount, and Category. Includes rows for Ordinary business income (-68,627), Dividends, Section 179 deduction, and Other deductions (3,214).

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For IRS Use Only

*See attached statement for additional information.

Schedule K-1 (Form 1120S)

2016

Final K-1 Amended K-1 OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

For calendar year 2016, or tax year beginning ending

Shareholder's Share of Income, Deductions, Credits, etc. See separate instructions.

Part I Information About the Corporation
A Corporation's employer identification number
B Corporation's name, address, city, state, and ZIP code
MARBLE MOUNTAIN RANCH, INC.
92520 HIGHWAY 96
SOMES BAR, CA 95568
C IRS Center where corporation filed return
E-FILE
Part II Information About the Shareholder
D Shareholder's identifying number
E Shareholder's name, address, city, state and ZIP code
HEIDI A. COLE
92520 HIGHWAY 96
SOMES BAR, CA 95568
F Shareholder's percentage of stock ownership for tax year 50.000000%

Table with 3 columns: Line number, Description, and Amount. Includes rows for Ordinary business income (loss) -68,626, Net rental real estate inc (loss), Other net rental income (loss), Interest income, Ordinary dividends, Qualified dividends 14, Foreign transactions, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss), Collectibles (8%) gain (loss), Unrecaptured sec 1250 gain, Net section 1231 gain (loss), Other income (loss) 15, Alternative min tax (AMT) items 23,150, Section 179 deduction 16, Items affecting shareholder basis, Other deductions A 3,213, Other information 17.

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For IRS Use Only

*See attached statement for additional information.

TAXABLE YEAR **California S Corporation**
2016 **Franchise or Income Tax Return**

FORM
100S

3752657 MARB 47-3825422 000000000000 16
 TYB 01-01-2016 TYE 12-31-2016
 MARBLE MOUNTAIN RANCH INC

92520 HIGHWAY 96
 SOMES BAR CA 95568

Schedule Q Questions: (continued on Side 3)

- A 1. FINAL RETURN?** • Dissolved Surrendered (withdrawn) Merged/Reorganized IRC Section 338 sale QSub election
- Enter date (mm/dd/yyyy)
2. Is the S corporation deferring any income from the disposition of assets? • Yes No
- If "Yes" enter the year of disposition (yyyy)
3. Is the S corporation reporting previously deferred income from: • Installment sale • IRC § 1031 • IRC § 1033 • Other
- B 1.** During this taxable year, did another person or legal entity acquire control or majority ownership (more than a 50% interest) of this corporation or any of its subsidiaries that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? • Yes No
2. During this taxable year, did this corporation or any of its subsidiaries acquire control or majority ownership (more than a 50% interest) in another legal entity that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? • Yes No
3. During this taxable year, has more than 50% of the voting stock of this corporation cumulatively transferred in one or more transactions after an interest in California real property (i.e., land, buildings) was transferred to it that was excluded from property tax reassessment under Revenue and Taxation Code Section 62(a)(2) and it was not reported on a previous year's tax return? • Yes No
- (Yes requires filing of statement, penalties may apply - see instructions)**

| | | | |
|--------------------------|---|---|-------------|
| State Adjustments | 1 Ordinary income (loss) from trade or business activities from Schedule F (Form 100S, Side 4) line 22 or federal Form 1120S, line 21. If Schedule F (Form 100S, Side 4) was not completed, attach federal Form 1120S, page 1, and supporting schedules | 1 | -137,253.00 |
| | 2 Foreign or domestic tax based on income or profits and California franchise or income tax deducted | 2 | 3,000.00 |
| | 3 Interest on government obligations | 3 | 00 |
| | 4 Net capital gain from Schedule D (100S), Section A & Section B. Attach Schedule D (100S). See instructions | 4 | 00 |
| | 5 Depreciation and amortization adjustments. Attach Schedule B (100S) | 5 | -1,200.00 |
| | 6 Portfolio income | 6 | 00 |
| | 7 Other additions. Attach schedule(s) | 7 | 00 |
| | 8 Total. Add line 1 through line 7 | 8 | -135,453.00 |

| | | | | | | |
|-----------------------------|--|---|------|-------------|------|----------------|
| State Adjustments (cont) | 9 | Dividends received deduction. Attach Schedule H (100S) | 9 | 00 | | |
| | 10 | Water's-edge dividend deduction. Attach Schedule H (100S) | 10 | 00 | | |
| | 11 | Contributions. See instructions SEE STATEMENT 1 | 11 | 00 | | |
| | 12 | Other deductions. Attach schedule(s) | 12 | 00 | | |
| | 13 | Total. Add line 9 through line 12 | 13 | 00 | | |
| CA Net Income | 14 | Net income (loss) after state adjustments. Subtract line 13 from Side 1, line 8 | 14 | -135,453.00 | | |
| | 15 | Net income (loss) for state purposes. Use Schedule R if apportioning or allocating income | 15 | -135,453.00 | | |
| | 16 | R&TC Section 23802(e) deduction. See instructions | 16 | 00 | | |
| | 17 | Net operating loss deduction. See instructions | 17 | 00 | | |
| | 18 | Pierce's disease, EZ, LARZ, TTA, or LAMBRA NOL carryover deduction | 18 | 00 | | |
| Taxes | 19 | Disaster loss deduction. See instructions | 19 | 00 | | |
| | 20 | Net income for tax purposes. Combine line 16 through line 19. Subtract the result from line 15 | 20 | -135,453.00 | | |
| | 21 | Tax. <u>1.5000</u> % x line 20 (at least minimum franchise tax, if applicable). See instructions | 21 | 800.00 | | |
| | 22 | Credit name _____ code no. _____ and amount | 22 | 00 | | |
| | 23 | Credit name _____ code no. _____ and amount | 23 | 00 | | |
| | 24 | To claim more than two credits, see instructions | 24 | 00 | | |
| | 25 | Add line 22 through line 24 | 25 | 00 | | |
| | 26 | Balance. Subtract line 25 from line 21 (not less than minimum franchise tax plus QSub annual tax(es) if applicable) | 26 | 800.00 | | |
| | 27 | Tax from Schedule D (100S). Attach Schedule D (100S). See instructions | 27 | 00 | | |
| | 28 | Excess net passive income tax. See instructions | 28 | 00 | | |
| Payments | 29 | Total tax. Add line 26 through line 28 | 29 | 800.00 | | |
| | 30 | Overpayment from prior year allowed as a credit | 30 | 800.00 | | |
| | 31 | 2016 Estimated tax/QSub payments. See instructions | 31 | 00 | | |
| | 32 | 2016 Withholding (Form 592-B and/or 593) | 32 | 00 | | |
| Refund or Amount Due | 33 | Amount paid with extension of time to file tax return | 33 | 00 | | |
| | 34 | Total payments. Add line 30 through line 33 | 34 | 800.00 | | |
| | 35 | Use tax. This is not a total line. See instructions | 35 | 00 | | |
| | 36 | Payments balance. If line 34 is more than line 35, subtract line 35 from line 34 | 36 | 800.00 | | |
| | 37 | Use tax balance. If line 35 is more than line 34, subtract line 34 from line 35 | 37 | 00 | | |
| | 38 | Franchise or income tax due. If line 29 is more than line 36, subtract line 36 from line 29. | 38 | 0.00 | | |
| | 39 | Overpayment. If line 36 is more than line 29, subtract line 29 from line 36 | 39 | 00 | | |
| | 40 | Amount of line 39 to be credited to 2017 estimated tax | 40 | 00 | | |
| | 41 | Refund. Subtract line 40 from line 39 See instructions to have the refund directly deposited. <input type="checkbox"/> Checking <input type="checkbox"/> Savings | 41 | 00 | | |
| | 41a. | Routing number | 41b. | Type | 41c. | Account number |
| | 42 | a Penalties and interest | 42a | 00 | | |
| | b <input type="checkbox"/> Check if estimate penalty computed using Exception B or C on form FTB 5806. See instructions. | | | | | |
| 43 | Total amount due. Add line 37, line 38, line 40, and line 42a. Then, subtract line 39 from the result | 43 | 00 | | | |

Schedule Q Questions (continued from Side 1)

- C Principal business activity code. Do not leave blank. • 713900
Business activity RECREATION Product or service GUEST RANCH ADVENTUR
- D Is this S corporation filing on a water's-edge basis pursuant to R&TC sections 25110 and 25113 for the current taxable year? • Yes No
- E Does this tax return include Qualified Subchapter S Subsidiaries? • Yes No
- F Date incorporated (mm/dd/yyyy) 02/02/2015 Where: • State CA Country _____
- G Maximum number of shareholders in the S corporation at any time during the year. Do not leave blank. • 2
- H Date business began in California or date income was first derived from California sources (mm/dd/yyyy) • 02/02/2015
- I Is the S corporation under audit by the IRS or has it been audited in a prior year? • Yes No
- J Effective date of federal S election (mm/dd/yyyy) • 02/02/2015
- L Accounting method • (1) Cash (2) Accrual (3) Other
- M Location of principal accounting records SEE STATEMENT 2
- N "Doing business as" (DBA) name: _____
- O Have all required information returns (e.g. federal Forms 1099, 8300 and state Forms 542, 592-B, etc.) been filed with the Franchise Tax Board? N/A Yes No
- P Is this S corporation apportioning or allocating income to California using Schedule R? • Yes No
- Q Has the S corporation included a reportable transaction or listed transaction within this return? See instructions for definitions. If "Yes," complete and attach federal Form 8886, for each transaction. • Yes No
- R Did this S corporation file the federal Schedule M-3 (Form 1120-S)? • Yes No
- S Is form FTB 3544A, List of Assigned Credit Received and/or Claimed by an Assignee, attached to the return? • Yes No

Schedule J Add-On Taxes or Recapture of Tax Credits. See instructions.

| | | |
|---|---|------|
| 1 LIFO recapture due to S corporation election (IRC Sec. 1363(d) deferral \$ _____) | • 1 | 00 |
| 2 Interest computed under the look-back method for completed long-term contracts (Attach form FTB 3834) | • 2 | 00 |
| 3 Interest on tax attributable to installment: a) Sales of certain timeshares and residential lots | • 3a | 00 |
| | b) Method for nondealer installment obligations | • 3b |
| 4 IRC Section 197(f)(9)(B)(ii) election | • 4 | 00 |
| 5 Credit recapture name | • 5 | 00 |
| 6 Combine line 1 through line 5. Revise the amount on Side 2, line 38 or line 39, whichever applies, by this amount. Write "Schedule J" to the left of line 38 or line 39 | • 6 | 00 |

Under penalties of perjury, I declare that I have examined this tax 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 taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here
 Signature of officer: _____ Title: PRESIDENT Date: _____ Telephone: 530 469-3322

Officer's email address (optional): _____

Paid Preparer's Use Only
 Preparer's signature: _____ Date: _____ Check if self-employed: PTIN: _____
 Firm's name (or yours, if self-employed): ALLAN K. DORFF, CPA INC.
 and address: 1181 PUERTA DEL SOL, #140
SAN CLEMENTE, CA 92673
 • FEIN: _____ Telephone: 949 498-5585

May the FTB discuss this return with the preparer shown above? See instructions • Yes No

Schedule F Computation of Trade or Business Income See instructions.

| | | 1c | |
|------------|--|-----|-------------|
| Income | 1 a) Gross receipts or sales <u>750,637.</u> b) Less returns and allowances _____ Balance ● | 1c | 750,637.00 |
| | 2 Cost of goods sold from Schedule V, line 8 _____ ● | 2 | 1,387.00 |
| | 3 Gross profit. Subtract line 2 from line 1c _____ ● | 3 | 749,250.00 |
| | 4 Net gain (loss). Attach schedule _____ ● | 4 | 00 |
| | 5 Other income (loss). Attach schedule _____ ● | 5 | 00 |
| | 6 Total income (loss). Combine line 3 through line 5 _____ ● | 6 | 749,250.00 |
| Deductions | 7 Compensation of officers. Attach schedule. See instructions _____ ● | 7 | 00 |
| | 8 Salaries and wages _____ ● | 8 | 89,920.00 |
| | 9 Repairs and maintenance _____ ● | 9 | 63,669.00 |
| | 10 Bad debts _____ ● | 10 | 00 |
| | 11 Rents _____ ● | 11 | 00 |
| | 12 Taxes <u>SEE STATEMENT 3</u> _____ ● | 12 | 21,139.00 |
| | 13 Interest _____ ● | 13 | 11,108.00 |
| | 14 a) Depreciation ● <u>314,341.</u> b) Less depreciation reported elsewhere ● _____ c) Balance ● | 14c | 314,341.00 |
| | 15 Depletion _____ ● | 15 | 00 |
| | 16 Advertising _____ ● | 16 | 6,643.00 |
| | 17 Pension, profit-sharing, plans, etc. _____ ● | 17 | 00 |
| | 18 Employee benefit programs _____ ● | 18 | 00 |
| | 19 a) Total travel and entertainment ● <u>2,815.</u> b) Deductible amount _____ ● | 19b | 2,815.00 |
| | 20 Other deductions. Attach schedule <u>SEE STATEMENT 4</u> _____ ● | 20 | 376,868.00 |
| | 21 Total deductions. Add line 7 through line 20 _____ ● | 21 | 886,503.00 |
| | 22 Ordinary income (loss) from trade or business. Subtract line 21 from line 6. Enter here and on Side 1, line 1 _____ ● | 22 | -137,253.00 |

The corporation may not be required to complete Schedules L and M-1. See Schedule L and Schedule M-1 instructions for reporting requirements.

| Schedule L Balance Sheet | Beginning of taxable year | | End of taxable year | |
|--|---------------------------|------------|---------------------|------------|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash _____ ● | | 500. | | 499. |
| 2 a) Trade notes and accounts receivable _____ ● | | | | |
| b) Less allowance for bad debts _____ ● | (| | (| |
| 3 Inventories _____ ● | | 2,500. | | 2,500. |
| 4 Federal and state government obligations _____ ● | | | | |
| 5 Other current assets. Attach schedule(s) _____ ● | | | | |
| 6 Loans to shareholders. Attach schedule(s) _____ ● | | | | |
| 7 Mortgage and real estate loans _____ ● | | | | |
| 8 Other investments. Attach schedule(s) _____ ● | | | | |
| 9 a) Buildings and other fixed depreciable assets _____ ● | 2,778,105. | | 2,943,396. | |
| b) Less accumulated depreciation _____ ● | (186,804.) | 2,591,301. | (501,145.) | 2,442,251. |
| 10 a) Depletable assets _____ ● | | | | |
| b) Less accumulated depletion _____ ● | | | | |
| 11 Land (net of any amortization) _____ ● | | | | |
| 12 a) Intangible assets (amortizable only) _____ ● | | | | |
| b) Less accumulated amortization _____ ● | | | | |
| 13 Other assets. Attach schedule(s) _____ ● | | | | |
| 14 Total assets _____ ● | | 2,594,301. | | 2,445,250. |
| Liabilities and shareholders' equity | | | | |
| 15 Accounts payable _____ ● | | | | |
| 16 Mortg, notes, bonds payable in less than 1 yr. _____ ● | | | | |
| 17 Other current liabilities. Attach schedule(s) _____ ● | | | | |
| 18 Loans from shareholders. Attach schedule(s) _____ ● | | 23,219. | | 89,295. |
| 19 Mortg, notes, bonds payable in 1 year or more _____ ● | | | | |
| 20 Other liabilities. Attach schedule(s) _____ ● | STMT 5 | 82,703. | | 47,374. |
| 21 Capital stock _____ ● | | 1,000. | | 1,000. |
| 22 Paid-in or capital surplus _____ ● | | 2,599,094. | | 2,599,094. |
| 23 Retained earnings _____ ● | | -111,715. | | -291,513. |
| 24 Adjustments. Attach schedule(s) _____ ● | | | | |
| 25 Less cost of treasury stock _____ ● | | | | |
| 26 Total liabilities and shareholders' equity _____ ● | | 2,594,301. | | 2,445,250. |

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

If the S corporation completed federal Schedule M-3 (Form 1120S). See instructions.

| | | | |
|--|-----------|--|-----------|
| 1 Net income per books | -179,798. | 5 Income recorded on books this year not included on Schedule K, line 1 through line 10b (itemize) | |
| 2 Inc included on Sch K, lines 1 - 10b, not recorded on books this yr (itemize) | | a Tax-exempt interest \$ | |
| 3 Expenses recorded on books this year not incl on Schedule K, line 1 through line 12e (itemize) | | b Other \$ | |
| a Depreciation \$ | | c Total. Add line 5a and line 5b | |
| b State taxes \$ 3,000. | | 6 Deductions included on Sch K, line 1 through line 12e, not charged against book income this year (itemize) | |
| c Travel and entertainment \$ | | a Depreciation \$ 1,200. | |
| d Other \$ 36,118. | | b State tax refunds \$ | |
| SEE STATEMENT 8 | | c Other \$ | |
| e Total. Add line 3a through line 3d | 39,118. | d Total. Add line 6a through line 6c | 1,200. |
| 4 Total. Add line 1 through line 3e | -140,680. | 7 Total. Add line 5c and line 6d | 1,200. |
| | | 8 Income (loss) (Sch K, ln 19, col. 4. Ln 4 less ln 7 | -141,880. |

Schedule M-2 CA Accumulated Adjustments Account, Other Adjustments Account, and Other Retained Earnings. See instructions.

Important: Use California figures and federal procedures.

| | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Other retained earnings |
|---|-------------------------------------|-------------------------------|-----------------------------|
| 1 Balance at beginning of year | -88,775. | | |
| 2 Ordinary income from Form 100S, Side 1, line 1 | | | |
| 3 Other additions STMT 7 | 3,000. | | |
| 4 Loss from Form 100S, Side 1, line 1 | (137,253.) | | |
| 5 Other reductions STMT 6 | (10,620.) | | |
| 6 Combine line 1 through line 5 | -233,655. | | |
| 7 Distributions other than dividend distributions | | | |
| 8 Balance at end of year. Subtract line 7 from line 6 | 233,655. | | |
| 9 Retained earnings at end of year. Add line 8, column (a) through column (c) | | | -233,655. |
| <input type="checkbox"/> If the corp. has C corp. E&P at the end of the taxable year, check this box and enter the amount. See instructions | | | |

Schedule V Cost of Goods Sold

| | | |
|---|---|----------|
| 1 Inventory at beginning of year | 1 | 2,500.00 |
| 2 Purchases | 2 | 1,387.00 |
| 3 Cost of labor | 3 | 00 |
| 4 Other IRC Sec. 263A costs. Attach schedule | 4 | 00 |
| 5 Other costs. Attach schedule | 5 | 00 |
| 6 Total. Add line 1 through line 5 | 6 | 3,887.00 |
| 7 Inventory at end of year | 7 | 2,500.00 |
| 8 Cost of goods sold. Subtract line 7 from line 6 | 8 | 1,387.00 |

Was there any change in determining quantities, costs, or valuations between opening and closing inventory? Yes No

If "Yes," attach an explanation. Enter CA seller's permit number, if any

Method of inventory valuation COST

Check if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970

If the LIFO inventory method was used for this taxable year, enter the amount of closing inventory computed under LIFO

Schedule K S Corporation Shareholders' Shares of Income, Deductions, Credits, etc.

| | (a) Pro-rata share items | | (b) Amount from federal Schedule K (1120S) | (c) California adjustment | (d) Total amounts using California law |
|---|--|------|--|---------------------------------|--|
| Income (Loss) | 1 Ordinary business income (loss) STMT 10 | 1 | -137,253.00 | 1,800.00 | -135,453.00 |
| | 2 Net rental real estate income (loss). Att fed Form 8825 | 2 | | | |
| | 3 a Other gross rental income (loss) | 3a | | | |
| | b Expenses from other rental activities. Attach schedule | 3b | | | |
| | c Other net rental income (loss). Subtract line 3b from line 3a | 3c | | | |
| | 4 Interest income | 4 | | | |
| | 5 Dividends | 5 | | | |
| | 6 Royalties | 6 | | | |
| | 7 Net short-term capital gain (loss). Attach Schedule D (100S) | 7 | | | |
| 8 Net long-term capital gain (loss). Attach Schedule D (100S) | 8 | | | | |
| 9 Net IRC Section 1231 gain (loss) | 9 | | | | |
| Other Income (Loss) | 10 a Other portfolio income (loss). Attach schedule | 10a | | | |
| | b Other income (loss). Attach schedule | 10b | | | |
| Deductions | 11 Expense deduction for recovery property (IRC Section 179) Attach Schedule B (100S) | 11 | | | |
| | 12 a Charitable contributions | 12a | 6,427.00 | | 6,427.00 |
| | b Investment interest expense | 12b | | | |
| | c 1 IRC Section 59(e)(2) expenditures | 12c1 | | | |
| | 2 Type of expenditures | 12c2 | | | |
| | d Deductions - portfolio. Attach schedule | 12d | | | |
| e Other deductions. Attach schedule | 12e | | | | |
| Credits | 13 a Low-income housing credit. See instructions. | 13a | | | |
| | b Credits related to rental real estate activities. Attach schedule | 13b | | | |
| | c Credits related to other rental activities. See instructions. Attach schedule | 13c | | | |
| | d Other credits. Attach schedule | 13d | | | |
| 14 Total withholding allocated to all shareholders | 14 | | | | |
| Alternative Minimum Tax (AMT) items | 15 a Depreciation adjustment on property placed in service after 12/31/86 | 15a | | | 51,893.00 |
| | b Adjusted gain or loss. See instructions | 15b | | | |
| | c Depletion (other than oil and gas) | 15c | | | |
| | d 1 Gross income from oil, gas, and geothermal properties | 15d1 | | | |
| | 2 Deductions allocable to oil, gas, and geothermal properties | 15d2 | | | |
| e Other AMT items. | 15e | | | | |
| Items affecting Shareholder Basis | 16 a Tax-exempt interest income | 16a | | | |
| | b Other tax-exempt income | 16b | | | |
| | c Nondeductible expenses SEE STATEMENT 9 | 16c | | 3,000.00 | 3,000.00 |
| | d Total property distributions (including cash) other than dividends distribution reported on line 17c | 16d | | | |
| Other Information | 17 a Investment income. See instructions | 17a | | | |
| | b Investment expenses. See instructions | 17b | | | |
| | c Total dividend distributions paid from accumulated earnings and profits | 17c | | | |
| | d Other items and amnts not included in lines 1 through 17b and lines 18a-e that are required to be reported separately to shareholders. Attach schedule | 17d | | | |
| Other State Taxes | 18 a Type of income | 18a | | | |
| | b Name of state | 18b | | | |
| | c Total gross income from sources outside California. Att sch | 18c | | | |
| | d Total applicable deductions and losses. Attach schedule | 18d | | | |
| | e Total other state taxes. Check one: <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | 18e | | | |
| Reconcili- ation | 19 Income (loss) (required only if Schedule M-1 must be completed). Combine line 1, line 2, and line 3c through line 10b. From the result, subtract the sum of lines 11, 12a, 12b, 12c1, 12d and 12e | 19 | -143,680.00 | 1,800.00 | -141,880.00 |

S Corporation Depreciation and Amortization

For use by S corporations only. Attach to Form 100S.

| | |
|--|---|
| Corporation name MARBLE MOUNTAIN RANCH, INC. | California corporation number 3752657 |
|--|---|

Part I Depreciation. Use additional sheets if necessary.

| | | |
|---|---|-------------------|
| 1 Enter federal depreciation from federal Form 4562, line 22. IRC Section 179 expense deduction is not included on this line. Get federal Form 4562 instructions | 1 | 314,341.00 |
|---|---|-------------------|

California depreciation:

| (a) Description of property | (b) Date acquired (mm/dd/yyyy) | (c) Cost or other basis | (d) Depreciation allowed or allowable in earlier years | (e) Depreciation Method | (f) Life or rate | (g) Depreciation for this year |
|--------------------------------|-----------------------------------|----------------------------|---|----------------------------|---------------------|-----------------------------------|
| SEE STATEMENT 11 | | | | | | |

| | | |
|--|---|-------------------|
| 3 Add the amounts on line 2, column (g) | 3 | 315,541.00 |
| 4 Subtract line 3 from line 1. If negative, use brackets. Enter here and on the applicable line of Form 100S, Side 6, Schedule K | 4 | -1,200.00 |
| 5 Enter IRC Section 179 expense deduction here and on Form 100S, Side 2, line 12. Do not enter more than \$25,000 | 5 | 00 |

Part II Amortization. Use additional sheets if necessary.

| | | |
|--|---|-----------|
| 1 Enter federal amortization from federal Form 4562, line 44 | 1 | 00 |
|--|---|-----------|

California amortization:

| (a) Description of property | (b) Date acquired (mm/dd/yyyy) | (c) Cost or other basis | (d) Amortization allowed or allowable in earlier years | (e) R&TC section | (f) Period or percentage | (g) Amortization for this year |
|--------------------------------|-----------------------------------|----------------------------|---|---------------------|-----------------------------|-----------------------------------|
| 2 | | | | | | |

| | | |
|---|---|-----------|
| 3 Add the amounts on line 2, column (g) | 3 | 00 |
| 4 California amortization adjustment. Subtract line 3 from line 1. If negative, use brackets. Enter here and on the applicable line of Form 100S, Side 6, Sch K | 4 | 00 |

Part III Depreciation and Amortization Adjustment

| | | |
|--|---|------------------|
| 1 Combine the amounts on Part I, line 4 and Part II, line 4. Enter here (If negative, use brackets) and on Form 100S, Side 1, line 5. For passive activities, see instructions | 1 | -1,200.00 |
|--|---|------------------|

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TAXABLE YEAR

CALIFORNIA SCHEDULE

2016 S Corporation Tax Credits

C (100S)

For use by S corporations only. Attach to Form 100S.

Corporation name **MARBLE MOUNTAIN RANCH, INC.** California corporation number **3752657**

| | (a) Credit amount limited to 1/3 of total | (b) Carryover from prior year | (c) Credit used this year, not more than col. (a) + col. (b) | (d) Tax balance that may be offset by credits | (e) Credit carryover to 2017 |
|---|--|----------------------------------|---|--|---------------------------------|
| 1 Regular tax from Form 100S, Side 2, line 21 | | | | 800. | |
| 2 Minimum franchise tax plus QSub annual tax(es), if applicable | | | | 800. | |
| 3 Subtract line 2 from line 1. If zero or less, enter -0- | | | | 0. | |
| 4 Code: _____ Credit name: _____ | | | | | |
| 5 Code: _____ Credit name: _____ | | | | | |
| 6 Code: _____ Credit name: _____ | | | | | |
| 7 Code: _____ Credit name: _____ | | | | | |
| 8 Code: _____ Credit name: _____ | | | | | |
| 9 Code: _____ Credit name: _____ | | | | | |
| 10 Code: _____ Credit name: _____ | | | | | |

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For the first two credits enter the credit name, code and amount of credit used on Form 100S, Side 2, line 22 and line 23. If more than two credits, enter the total amount of any remaining credits used on Form 100S, Side 2, line 24.

Important Information

The total amount of specific credit claimed/used on Schedule C (100S), S Corporation Tax Credits, should include both (1) the total assigned credit claimed from FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee, column (j), and (2) the amount of credit claimed that was generated by the assignee.

Purpose

Use Schedule C (100S) to determine the allowable amount of tax credits to claim on the 2016 Form 100S, California S Corporation Franchise or Income Tax Return, and the credit carryover to future years. For more information, see General Information Z, Passive Activity Loss Limitation; AA, Passive Activity Credits; and BB, Tax Credits; included in this booklet.

The amount entered in column (a) must be limited to 1/3 the amount of the total credit generated per credit.

2016

**Net Operating Loss (NOL) Computation and
NOL and Disaster Loss Limitations - Corporations**

3805Q

Attach to Form 100, Form 100W, Form 100S, or Form 109.

Corporation name

California corporation number

MARBLE MOUNTAIN RANCH, INC.

3752657

During the taxable year the corporation incurred the NOL, the corporation was a(n): C Corporation S Corporation

Exempt Organization Limited liability company (electing to be taxed as a corporation)

FEIN

If the corporation previously filed California tax returns under another corporate name, enter the corporation name and California corporation number:

If the corporation is included in a combined report of a unitary group, see instructions, General Information C, Combined Reporting.

Part I Current year NOL. If the corporation does not have a current year NOL, go to Part II.

| | | | |
|---|---|----|------------|
| 1 | Net loss from Form 100, line 18; Form 100W, line 18; Form 100S, line 15; or Form 109, line 2. Enter as a positive number | 1 | 135,453.00 |
| 2 | 2016 disaster loss included in line 1. Enter as a positive number | 2 | 00 |
| 3 | Subtract line 2 from line 1. If zero or less, enter -0- and see instructions | 3 | 135,453.00 |
| 4 | a Enter the amount of the loss incurred by a new business included in line 3 | 4a | 00 |
| | b Enter the amount of the loss incurred by an eligible small business included in line 3 | 4b | 0.00 |
| | c Add line 4a and line 4b | 4c | 00 |
| 5 | General NOL. Subtract line 4c from line 3 | 5 | 135,453.00 |
| 6 | Current Year NOL. Add line 2, line 4c, and line 5. See instructions | 6 | 135,453.00 |

If the corporation is using the current year NOL to carryback to offset net income for taxable years 2014 and/or 2015, complete Part III, NOL carryback, on Side 2 before completing Part I, lines 7-9 below.

| | | | |
|---|---|---|------------|
| 7 | 2016 NOL carryback used to offset 2014 net income. Enter the amount from Part III, line 3, column (e) | 7 | 00 |
| 8 | 2016 NOL carryback used to offset 2015 net income. Enter the amount from Part III, line 3, column (g) | 8 | 00 |
| 9 | 2016 NOL carryover to 2017. Add line 7 and line 8, then subtract the result from line 6. See instructions | 9 | 135,453.00 |

Election to waive carryback

Check the box if the corporation elects to relinquish the entire carryback period with respect to 2016 NOL under Internal Revenue Code (IRC) Section 172(b)(3). By making the election, the corporation is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it's irrevocable. See instructions. Continue with Part II, NOL carryover and disaster loss carryover limitations. Do not complete Part III, NOL carryback.

Part II NOL carryover and disaster loss carryover limitations. See instructions.

| | | | |
|---|--|-----------------------|----|
| 1 | Net income - Enter the amount from Form 100, line 18; Form 100W, line 18; Form 100S, line 15 less line 16; or Form 109, line 2; (but not less than -0-). | (g) Available balance | 0. |
|---|--|-----------------------|----|

Prior Year NOLs

| (a) Year of loss | (b) Code - See instructions | (c) Type of NOL - See below * | (d) Initial loss - See instructions | (e) Carryover from 2015 | (f) Amount used in 2016 | (g) Available balance | (h) Carryover to 2017 col. (e) minus col. (f) |
|---------------------|--------------------------------|----------------------------------|--|----------------------------|----------------------------|--------------------------|--|
| 2015 | | GEN | 82,004. | 82,004. | 0. | 0. | 82,004. |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Current Year NOLs

| Year | Type of NOL | Initial loss | Amount used in 2016 | Col. (d) minus col. (f) See instructions. |
|--------|-------------|--------------|---------------------|--|
| 3 2016 | DIS | | | |
| 4 2016 | GEN | 135,453. | | 135,453. |
| 2016 | | | | |
| 2016 | | | | |
| 2016 | | | | |

* Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

Part III NOL carryback

- 1 2014 Net income - Enter the amount from 2014 Form 100, line 22; Form 100W, line 22; Form 100S line 20; or taxable income from Form 109, line 9; (but not less than -0-)
- 2 2015 Net income - Enter the amount from 2015 Form 100, line 22; Form 100W, line 22; Form 100S, line 20; or taxable income from Form 109, line 9; (but not less than -0-)

| (a) Year of Loss | (b) Code - See Instructions | (c) Type of NOL - See below* | (d) Initial loss - See Instructions | 2014 | | 2015 | | (i) Carryover to 2017 col. (d) minus (col. (e) plus col. (g)) |
|---------------------|--------------------------------|---------------------------------|--|--|--|--|--|--|
| | | | | (e) Carryback used - See instructions | (f) After carryback col. (d) minus col. (e) | (g) Carryback used - See instructions | (h) After carryback col. (f) minus col. (g) | |
| 3 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |
| 2016 | | | | | | | | |

* Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS).

Part IV 2016 NOL deduction

- 1 Total the amounts in Part II, line 2, column (f) 1 00
- 2 Enter the total amount from line 1 that represents disaster loss carryover deduction here and on Form 100, line 21; Form 100W, line 21; or Form 100S, line 19. Form 109 filers enter -0- 2 00
- 3 Subtract line 2 from line 1. Enter the result here and on Form 100, line 19; Form 100W, line 19; Form 100S, line 17; or Form 109, line 7 3 0 . 00

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STATE ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

| Asset No. | Description | Date Acquired | AMT Method | AMT Life | AMT Cost Or Basis | AMT Accumulated | ACE Cost Or Basis | Regular Depreciation | AMT Depreciation | ACE Depreciation |
|-----------|---|---------------|------------|----------|-------------------|-----------------|-------------------|----------------------|------------------|------------------|
| | FURNISHINGS - | | | | | | | | | |
| 1 | CABINS/HOUSES | 020215 | 150DE | 7.00 | 522. | 56. | 522. | 128. | 100. | 0. |
| 2 | RANGE FIREARMS | 020215 | SL | 7.00 | 600. | 43. | 600. | 86. | 86. | 0. |
| 3 | BOAT | 020215 | 150DE | 7.00 | 10,392. | 1,114. | 10,392. | 2,545. | 1,988. | 0. |
| 4 | SANTA FE BBQ | 040115 | 150DE | 7.00 | 2,775. | 298. | 2,775. | 679. | 531. | 0. |
| 5 | FERRO TURN MOWER | 031515 | 150DE | 7.00 | 9,800. | 1,050. | 9,800. | 2,400. | 1,875. | 0. |
| 6 | 2014 JEEP GRAND CHEROKEE | 020215 | 150DE | 5.00 | 32,598. | 3,166. | 32,598. | 5,100. | 5,100. | 0. |
| 7 | 2014 TOYOTA RAVA | 020215 | 150DE | 5.00 | 5,000. | 500. | 5,000. | 1,600. | 1,275. | 0. |
| 8 | 2011 FORD VAN | 020215 | 150DE | 5.00 | 19,000. | 2,850. | 19,000. | 5,600. | 4,845. | 0. |
| 9 | 2008 FORD VAN | 020215 | 150DE | 5.00 | 15,000. | 1,500. | 15,000. | 5,100. | 4,080. | 0. |
| 10 | 2006 FORD VAN | 020215 | 150DE | 5.00 | 8,000. | 1,300. | 8,000. | 2,560. | 2,040. | 0. |
| 11 | 2015 HONDA ATV | 020215 | 150DE | 5.00 | 7,500. | 750. | 7,500. | 2,400. | 1,915. | 0. |
| 12 | 2013 HONDA ATV | 020215 | 150DE | 5.00 | 6,500. | 975. | 6,500. | 2,080. | 1,658. | 0. |
| 13 | 2015 KUBOTA L3560 TRACTOR | 020215 | 150DE | 7.00 | 42,000. | 4,500. | 42,000. | 10,286. | 8,036. | 0. |
| 14 | 2015 HUSQVARNA MOWER | 021515 | 150DE | 7.00 | 9,000. | 965. | 9,000. | 2,204. | 1,722. | 0. |
| 15 | 2009 JOHN DEERE MOWER | 020215 | 150DE | 7.00 | 4,000. | 429. | 4,000. | 979. | 765. | 0. |
| 16 | 1941 JOHN DEERE MOWER | 020215 | 150DE | 7.00 | 1,500. | 161. | 1,500. | 367. | 287. | 0. |
| 17 | SOTAR RAFTS | 031515 | 150DE | 7.00 | 24,000. | 2,572. | 24,000. | 5,877. | 4,592. | 0. |
| 18 | SOTAR INFLATABLE KAYAKS | 020215 | 150DE | 7.00 | 16,000. | 1,715. | 16,000. | 3,918. | 3,061. | 0. |
| 19 | MISC RAFTING EQUIPMENT | 020215 | 150DE | 7.00 | 24,000. | 2,572. | 24,000. | 5,877. | 4,592. | 0. |
| 20 | RAFT TRAILER #1 | 020215 | 150DE | 7.00 | 2,000. | 215. | 2,000. | 490. | 383. | 0. |
| 21 | RAFT TRAILER #2 | 020215 | 150DE | 7.00 | 2,000. | 215. | 2,000. | 490. | 383. | 0. |
| 22 | AXLE TRAILER | 020215 | 150DE | 7.00 | 3,500. | 375. | 3,500. | 857. | 670. | 0. |
| 23 | SHOCK TRAILER | 020215 | 150DE | 7.00 | 4,000. | 429. | 4,000. | 979. | 765. | 0. |
| 24 | HYDE DRIFT BOAT #1 | 020215 | 150DE | 7.00 | 8,000. | 857. | 8,000. | 1,959. | 1,531. | 0. |
| 25 | HYDE DRIFT BOAT #2 | 020215 | 150DE | 7.00 | 7,000. | 750. | 7,000. | 1,714. | 1,339. | 0. |
| 26 | WILLIE DRIFT BOAT | 020215 | 150DE | 7.00 | 3,500. | 375. | 3,500. | 857. | 670. | 0. |
| | MISCELLANEOUS FISHING | | | | | | | | | |
| 27 | GEAR | 020215 | 150DE | 7.00 | 12,000. | 1,286. | 12,000. | 2,939. | 2,296. | 0. |
| 28 | 1997 WATER PURIFICATION SYSTEM | 020215 | 150DE | 7.00 | 500. | 54. | 500. | 122. | 96. | 0. |
| 29 | 2015 WATER PURIFICATION SYSTEM (UPGRADED) | 030215 | 150DE | 7.00 | 32,000. | 3,429. | 32,000. | 7,837. | 6,122. | 0. |

STATE ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

| Asset No. | Description | Date Acquired | AMT Method | AMT Life | AMT Cost Or Basis | AMT Accumulated | ACE Cost Or Basis | Regular Depreciation | AMT Depreciation | ACE Depreciation |
|-----------|-------------------------------------|---------------|------------|----------|-------------------|-----------------|-------------------|----------------------|------------------|------------------|
| | HOOK LATCH AG LINES & | | | | | | | | | |
| 30 | SPRINKLERS | 030115 | 150DE | 7.00 | 8,000. | 857. | 8,000. | 1,959. | 1,531. | 0. |
| 31 | 20' CARGO CONTAINERS | 020215 | 150DE | 7.00 | 8,000. | 857. | 8,000. | 1,959. | 1,531. | 0. |
| 32 | HORSE PANELS FENCING | 020215 | 150DE | 7.00 | 11,000. | 1,179. | 11,000. | 2,694. | 2,105. | 0. |
| 33 | TACK FOR 25 HORSES | 020215 | 150DE | 7.00 | 12,000. | 1,286. | 12,000. | 2,939. | 2,296. | 0. |
| 34 | JOHN DEERE 60KW GENSET | 020215 | 150DE | 7.00 | 9,500. | 1,018. | 9,500. | 2,327. | 1,818. | 0. |
| 35 | IVECO 60KW GENSET | 020215 | 150DE | 7.00 | 8,000. | 857. | 8,000. | 1,959. | 1,531. | 0. |
| 36 | GENERATOR 40 KW | 031515 | 150DE | 7.00 | 50,000. | 5,357. | 50,000. | 12,245. | 9,566. | 0. |
| 37 | HONDA PORTABLE GENSET | 030115 | 150DE | 7.00 | 3,500. | 377. | 3,500. | 857. | 670. | 0. |
| 38 | SOIL TAMPER | 020215 | 150DE | 7.00 | 3,500. | 377. | 3,500. | 857. | 670. | 0. |
| 39 | LANDING EQUIPMENT | 020215 | 150DE | 7.00 | 3,500. | 377. | 3,500. | 857. | 670. | 0. |
| 40 | MISC CONSTRUCTION TOOLS & EQUIPMENT | 020215 | 150DE | 7.00 | 20,000. | 2,143. | 20,000. | 4,898. | 3,827. | 0. |
| 41 | 500 GAL CONTAINMENT FUEL TANK | 020215 | 150DE | 7.00 | 5,000. | 536. | 5,000. | 1,224. | 957. | 0. |
| 42 | 650 GAL CONTAINMENT FUEL TANK | 020215 | 150DE | 7.00 | 7,000. | 750. | 7,000. | 1,714. | 1,339. | 0. |
| 43 | CABIN #1 | 020215 | SL | 27.50 | 67,200. | 2,240. | 67,200. | 2,444. | 2,444. | 0. |
| 44 | CABIN #2 | 020215 | SL | 27.50 | 106,400. | 3,547. | 106,400. | 3,869. | 3,869. | 0. |
| 45 | CABIN #3 | 020215 | SL | 27.50 | 67,200. | 2,240. | 67,200. | 2,444. | 2,444. | 0. |
| 46 | CABIN #4 | 020215 | SL | 27.50 | 67,200. | 2,240. | 67,200. | 2,444. | 2,444. | 0. |
| 47 | CABIN #5 & 6 - DUPLEX | 020215 | SL | 27.50 | 108,500. | 3,617. | 108,500. | 3,945. | 3,945. | 0. |
| 48 | CABIN #7 & 8 - DUPLEX | 020215 | SL | 27.50 | 80,640. | 2,688. | 80,640. | 2,932. | 2,932. | 0. |
| 49 | CABIN #9 | 020215 | SL | 27.50 | 98,560. | 3,285. | 98,560. | 3,584. | 3,584. | 0. |
| 50 | CABIN #10 | 020215 | SL | 27.50 | 87,360. | 2,912. | 87,360. | 3,177. | 3,177. | 0. |
| 51 | QUAILS NEST HOUSE | 020215 | SL | 27.50 | 225,400. | 7,513. | 225,400. | 8,196. | 8,196. | 0. |
| 52 | SLEEPY HOLLOW HOUSE | 020215 | SL | 27.50 | 109,200. | 3,640. | 109,200. | 3,971. | 3,971. | 0. |
| 53 | RIVER VIEW HOUSE | 020215 | SL | 27.50 | 347,200. | 11,573. | 347,200. | 12,625. | 12,625. | 0. |
| 54 | COVERED RIDING ARENA | 020215 | 150DE | 10.00 | 157,000. | 11,775. | 157,000. | 28,260. | 21,784. | 0. |
| 55 | ARENA TACK BUILDING | 020215 | 150DE | 10.00 | 77,740. | 5,831. | 77,740. | 13,993. | 10,786. | 0. |
| 56 | LODGE/MESS HALL | 020215 | 150DE | 20.00 | 230,580. | 8,647. | 230,580. | 16,645. | 16,645. | 0. |
| 57 | HAY BARN | 020215 | 150DE | 10.00 | 120,000. | 9,000. | 120,000. | 21,600. | 16,650. | 0. |
| 58 | TACK HOUSE | 020215 | 150DE | 10.00 | 22,100. | 1,658. | 22,100. | 3,978. | 3,066. | 0. |

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04-01-16

STATE ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

| Asset No. | Description | Date Acquired | AMT Method | AMT Life | AMT Cost Or Basis | AMT Accumulated | ACE Cost Or Basis | Regular Depreciation | AMT Depreciation | ACE Depreciation |
|-----------|---|---------------|------------|----------|-------------------|-----------------|-------------------|----------------------|------------------|------------------|
| 59 | GIFT SHOP | 02/20/15 | SL | 20.00 | 62,860. | 2,358. | 62,860. | 4,538. | 4,538. | 0. |
| 60 | LAUNDRY/SHOWER HOUSE | 02/20/15 | SL | 20.00 | 78,842. | 2,957. | 78,842. | 5,691. | 5,691. | 0. |
| 61 | GREENHOUSE | 02/20/15 | SL | 10.00 | 25,000. | 1,875. | 25,000. | 4,500. | 3,469. | 0. |
| 62 | POWER HOUSE | 02/20/15 | SL | 39.00 | 10,000. | 235. | 10,000. | 256. | 256. | 0. |
| 63 | GAME ROOM | 02/20/15 | SL | 20.00 | 10,000. | 458. | 10,000. | 500. | 500. | 0. |
| 64 | SHOP BUILDING | 02/20/15 | SL | 10.00 | 156,000. | 11,700. | 56,000. | 28,080. | 21,645. | 0. |
| 65 | KAWASAKI ATV | 07/09/16 | SL | 7.00 | 6,751. | | 6,751. | 965. | 724. | 0. |
| 66 | HEMT EXCAVATOR | 05/05/16 | SL | 7.00 | 3,478. | | 3,478. | 497. | 373. | 0. |
| 67 | WATER FILTRATION SYSTEM | 02/24/16 | SL | 7.00 | 33,503. | | 33,503. | 4,786. | 3,590. | 0. |
| 68 | 2017 GMC 3500 | 07/12/16 | SL | 7.00 | 68,324. | | 68,324. | 13,665. | 10,249. | 0. |
| 69 | STOCK - STARDUST | 03/01/16 | SL | 7.00 | 1,200. | | 1,200. | 172. | 129. | 0. |
| 70 | STOCK - SEDONA | 03/01/16 | SL | 7.00 | 1,200. | | 1,200. | 172. | 129. | 0. |
| 71 | STOCK - DARTANJON | 08/01/16 | SL | 7.00 | 1,200. | | 1,200. | 172. | 129. | 0. |
| 72 | ARENA STUDIO HOUSING | 05/01/16 | SL | 27.50 | 28,635. | | 28,635. | 694. | 694. | 0. |
| 73 | HAY BARN (REBUILD-SNOW DAMAGE COLLAPSE) | 05/01/16 | SL | 10.00 | 21,000. | | 21,000. | 2,100. | 1,575. | 0. |
| | TOTALS | | | | 2,943,396. | 153,921. | 2,943,396. | 315,541. | 263,648. | 0. |
| | MACRS AMT ADJUSTMENT | | | | | | | | 51,893. | |

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Computation of Trade or Business Income for California Purposes

| | | | | | | | | | | |
|-------------------|----|---|--|----------|------------------|-----------------------------|--|-----------|-----------|----------|
| Income | 1 | a | Gross receipts or sales | 750,637. | b | Less returns and allowances | | Balance ▶ | 1c | 750,637. |
| | 2 | | Cost of goods sold | | | | | | 2 | 1,387. |
| | 3 | | Gross profit. Subtract line 2 from line 1c | | | | | | 3 | 749,250. |
| | 4 | | Net ordinary gain (loss) | | | | | | 4 | |
| | 5 | | Other income. Attach schedule | | | | | | 5 | |
| | 6 | | TOTAL income (loss). Combine lines 3 through 5 | | | | | | 6 | 749,250. |
| Deductions | 7 | | Compensation of officers. Attach schedule | | | | | | 7 | |
| | 8 | | Salaries and wages | | | | | | 8 | 89,920. |
| | 9 | | Repairs | | | | | | 9 | 63,669. |
| | 10 | | Bad debts | | | | | | 10 | |
| | 11 | | Rents | | | | | | 11 | |
| | 12 | | Taxes | | SEE STATEMENT 12 | | | | 12 | 18,139. |
| | 13 | | Interest | | | | | | 13 | 11,108. |
| | 14 | a | Depreciation | | 14a | 315,541. | | | 14c | 315,541. |
| | | b | Depreciation reported elsewhere on return | | 14b | | | | | |
| | | c | Subtract line 14b from line 14a | | | | | | | |
| | 15 | | Depletion | | | | | | 15 | |
| | 16 | | Advertising | | | | | | 16 | 6,643. |
| | 17 | | Pension, profit-sharing, etc. plans | | | | | | 17 | |
| | 18 | | Employee benefit programs | | | | | | 18 | |
| | 19 | a) | Total travel and entertainment | 2,815. | b) | Deductible amount | | | 19 | 2,815. |
| | 20 | | Other deductions. Attach schedule | | | SEE STATEMENT 13 | | | 20 | 376,868. |
| 21 | | TOTAL deductions. Add lines 7 through 20 | | | | | | 21 | 884,703. | |
| 22 | | Ordinary income (loss) from trade or business activities. Subtract line 21 from line 6. | | | | | | 22 | -135,453. | |

Cost of Goods Sold

| | | | |
|---|--|---|--------|
| 1 | Inventory at beginning of year | 1 | 2,500. |
| 2 | Purchases | 2 | 1,387. |
| 3 | Cost of labor | 3 | |
| 4 | Other IRC Section 263A costs. Attach schedule | 4 | |
| 5 | Other costs. Attach schedule | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | 3,887. |
| 7 | Inventory at end of year | 7 | 2,500. |
| 8 | Cost of goods sold. Subtract line 7 from line 6. | 8 | 1,387. |

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MARBLE MOUNTAIN RANCH, INC.

| | | | |
|--------------|--|-----------|---|
| CA FORM 100S | LOCATION OF PRINCIPAL ACCOUNTING RECORDS | STATEMENT | 2 |
|--------------|--|-----------|---|

92520 HIGHWAY 96
SOMES BAR, CA 95568

| | | | |
|---------------|----------------------------------|-----------|---|
| CA SCHEDULE F | TAXES DEDUCTED ON FEDERAL RETURN | STATEMENT | 3 |
|---------------|----------------------------------|-----------|---|

| DESCRIPTION | AMOUNT |
|---|----------------|
| BOE | 682. |
| BUSINESS LICENSES & SPECIAL PERMITS | 742. |
| COUNTY BED TAX | 912. |
| PAYROLL TAXES | 10,512. |
| REAL PROPERTY TAXES - RANCH | 5,174. |
| STATE FIRE TAX | 117. |
| CALIFORNIA TAXES - BASED ON INCOME | 3,000. |
| TOTAL TAXES DEDUCTED ON FEDERAL RETURN | 21,139. |

| | | | |
|---------------|------------------|-----------|---|
| CA SCHEDULE F | OTHER DEDUCTIONS | STATEMENT | 4 |
|---------------|------------------|-----------|---|

| DESCRIPTION | AMOUNT |
|----------------------------------|---------|
| AMMUNITION & RANGE EXPENSES | 17,238. |
| AUTO FEES & REGISTRATION | 792. |
| BANK FEES | 322. |
| CASUAL LABOR | 3,466. |
| COMMISSIONS & REFERRAL FEES | 27,771. |
| DUES & SUBSCRIPTIONS | 3,423. |
| FISH FOR STOCKING POND | 800. |
| FISHING EXPENSES | 946. |
| FOOD/LODGING/SUPPLIES-DAY TRIPS | 65,127. |
| FUEL | 5,536. |
| HORSE TACK/GEAR | 234. |
| INSURANCE - OTHER | 16,685. |
| LEGAL AND PROFESSIONAL FEES | 75,342. |
| LINENS & SUPPLIES | 9,083. |
| MISCELLANEOUS EXPENSE | 2,966. |
| OFFICE EXPENSE | 2,206. |
| OFFICE SUPPLIES | 1,204. |
| OUTSIDE SERVICES | 15,350. |
| PARKING | 3. |
| POSTAGE | 515. |
| RAFTING EXPENSES | 12,017. |
| RANCH ACTIVITIES & ENTERTAINMENT | 1,315. |

MARBLE MOUNTAIN RANCH, INC.

| | |
|---------------------------------------|-----------------|
| RANCH UNIFORMS | 1,058. |
| RANCH UTILITIES | 26,843. |
| SMALL SPORTING EQUIPMENT EXPENSES | 561. |
| SOCIAL MEDIA COSTS | 465. |
| SPECIAL USE PERMITS - USFS/BLM | 5,199. |
| STOCK FEED | 26,348. |
| SUPPLIES & SMALL TOOLS | 3,077. |
| TELEPHONE EXPENSES | 5,372. |
| TOOLS - OTHER | 1,246. |
| TRAILER RIGGING | 1,499. |
| VEHICLE INSURANCE | 6,313. |
| VEHICLE MAINTENANCE & UPKEEP | 6,201. |
| VEHICLE REPAIR | 9,374. |
| VETERINARY EXPENSES | 3,222. |
| WEBSITE DEVELOPMENT/MAINTENANCE | 5,335. |
| WORKERS COMP INSURANCE | 12,414. |
| TOTAL TO FORM 100S, SCHEDULE F | 376,868. |

CA SCHEDULE L OTHER LIABILITIES STATEMENT 5

| DESCRIPTION | BEGINNING OF TAX YEAR | END OF TAX YEAR |
|-------------------------------------|-----------------------|-----------------|
| OTHER LIABILITIES | 82,703. | 47,374. |
| TOTAL TO SCHEDULE L, LINE 20 | 82,703. | 47,374. |

CA SCHEDULE M-2 A A OTHER REDUCTIONS STATEMENT 6

| DESCRIPTION | AMOUNT |
|---|----------------|
| ORDINARY INCOME ADJ - (SEE CA SCH K ORD INCOME RECON STMT | 1,200. |
| CHARITABLE CONTRIBUTIONS | 6,427. |
| FOREIGN/DOMESTIC TAXES BASED ON INCOME AND PROFITS | 3,000. |
| TOTAL TO SCHEDULE M-2, LINE 5, COLUMN A | 10,627. |

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MARBLE MOUNTAIN RANCH, INC.

| | | | |
|-----------------|-----------------------|-----------|---|
| CA SCHEDULE M-2 | AAA - OTHER ADDITIONS | STATEMENT | 7 |
|-----------------|-----------------------|-----------|---|

| DESCRIPTION | AMOUNT |
|--|--------|
| FOREIGN/DOMESTIC TAXES BASED ON INCOME AND PROFITS | 3,000. |
| TOTAL TO SCHEDULE M-2, LINE 3, COLUMN A | 3,000. |

| | | | |
|-----------------|---|-----------|---|
| CA SCHEDULE M-1 | EXPENSES ON BOOKS, NOT INCLUDED ON SCHED. K | STATEMENT | 8 |
|-----------------|---|-----------|---|

| DESCRIPTION | AMOUNT |
|---|---------|
| INTEREST EXPENSE - RESIDENCE APPORTIONMENT | 326. |
| OTHER NON-DEDUCTIBLE EXPENSE | 4,000. |
| REAL PROPERTY TAXES - RESIDENCE APPORTIONMENT | 160. |
| SHAREHOLDERS HEALTH INSURANCE | 20,128. |
| UTILITIES EXPENSE - RESIDENCE APPORTIONMENT | 11,504. |
| TOTAL TO SCHEDULE M-1, LINE 3 | 36,118. |

| | | | |
|---------------|------------------------|-----------|---|
| CA SCHEDULE K | NONDEDUCTIBLE EXPENSES | STATEMENT | 9 |
|---------------|------------------------|-----------|---|

| DESCRIPTION | ATTRIBUTABLE TO CALIFORNIA |
|-----------------------------------|----------------------------|
| FOREIGN/STATE INCOME TAX DEDUCTED | 3,000. |
| TOTAL TO SCHEDULE K, LINE 16C | 3,000. |

CA CALIFORNIA ORDINARY INCOME RECONCILIATION STATEMENT 10

| | (B) FEDERAL AMOUNTS | (C) CALIFORNIA ADJUSTMENTS | (D) CALIFORNIA AMOUNTS |
|--|---------------------------|----------------------------------|------------------------------|
| 1 GROSS SALES | 750,637 | | 750,637 |
| 2 COST OF GOODS SOLD | 1,387 | | 1,387 |
| 3 GROSS PROFIT. LINE 1 LESS 2 | 749,250 | | 749,250 |
| 4 NET GAIN (LOSS) | | | |
| 5 OTHER INCOME (LOSS) | | | |
| 6 TOTAL INCOME (LOSS). ADD LINES 3 - 5 | 749,250 | | 749,250 |
| 7 COMPENSATION OF OFFICERS | | | |
| 8 SALARIES AND WAGES | 89,920 | | 89,920 |
| 9 REPAIRS | 63,669 | | 63,669 |
| 10 BAD DEBTS | | | |
| 11 RENTS | | | |
| 12 TAXES | 21,139 | -3,000 | 18,139 |
| 13 DEDUCTIBLE INTEREST EXPENSE | 11,108 | | 11,108 |
| 14 DEPRECIATION | 314,241 | 1,200 | 315,541 |
| 15 DEPLETION | | | |
| 16 ADVERTISING | 6,643 | | 6,643 |
| 17 PENSION, PROFIT-SHARING PLANS | | | |
| 18 EMPLOYEE BENEFIT PROGRAMS | | | |
| 19 DEDUCTIBLE TRAVEL/ENTERTAINMENT | 2,815 | | 2,815 |
| 20 OTHER DEDUCTIONS | 376,868 | | 376,868 |
| 21 TOTAL DEDUCTIONS (ADD LNS 7-20) | 886,503 | -1,800 | 884,703 |
| 22 ORDINARY INCOME (LOSS) FROM TRADE OR BUSINESS. LN 6 LESS LN 21 | -137,253 | 1,800 | -135,453 |
| 23 ADJUSTMENT FOR S CORPORATION TAXES | | | 0 |
| 24 AMOUNT TO SCHEDULE K, LINE 1, COLUMN D | | | -135,453 |

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MARBLE MOUNTAIN RANCH, INC.

| CA | | DEPRECIATION | | | | STATEMENT 11 | |
|--------------------------------|--------------------|------------------|---------------|--------|------|-------------------|-------|
| ASSET NO./ DESCRIPTION | DATE IN SERVICE | COST OR BASIS | PRIOR DEPR | METHOD | LIFE | DEPRE- CIATION | BONUS |
| 1. FURNISHINGS - CABINS/HOUSES | 02/02/15 | 522. | 75. | 200DB | 7.00 | 128. | 0. |
| 2. RANGE FIREARMS | 02/02/15 | 600. | 79. | SL | 7.00 | 86. | 0. |
| 3. JET BOAT | 02/02/15 | 10,392. | 1,485. | 200DB | 7.00 | 2,545. | 0. |
| 4. SANTA FE BBQ | 04/01/15 | 2,775. | 397. | 200DB | 7.00 | 679. | 0. |
| 5. ZERO TURN MOWER | 03/15/15 | 9,800. | 1,400. | 200DB | 7.00 | 2,400. | 0. |
| 6. 2014 JEEP GRAND CHEROKEE | 02/02/15 | 32,598. | 3,160. | 200DB | 5.00 | 5,100. | 0. |
| 7. 2011 TOYOTA RAV4 | 02/02/15 | 5,000. | 1,000. | 200DB | 5.00 | 1,600. | 0. |
| 8. 2011 FORD VAN | 02/02/15 | 19,000. | 3,460. | 200DB | 5.00 | 5,600. | 0. |
| 9. 2008 FORD VAN | 02/02/15 | 16,000. | 3,200. | 200DB | 5.00 | 5,120. | 0. |
| 10. 2006 FORD VAN | 02/02/15 | 8,000. | 1,600. | 200DB | 5.00 | 2,560. | 0. |
| 11. 2015 HONDA ATV | 02/02/15 | 7,500. | 1,500. | 200DB | 5.00 | 2,400. | 0. |
| 12. 2013 HONDA ATV | 02/02/15 | 6,500. | 1,300. | 200DB | 5.00 | 2,080. | 0. |
| 13. 2015 KUBOTA L3560 TRACTOR | 02/15/15 | 42,000. | 6,000. | 200DB | 7.00 | 10,286. | 0. |
| 14. 2015 HUSQVARNA MOWER | 02/15/15 | 9,000. | 1,286. | 200DB | 7.00 | 2,204. | 0. |
| 15. 2009 JOHN DEERE MOWER | 02/02/15 | 4,000. | 572. | 200DB | 7.00 | 979. | 0. |
| 16. 1941 JOHN DEERE MOWER | 02/02/15 | 1,500. | 215. | 200DB | 7.00 | 367. | 0. |
| 17. 6 SOTAR RAFTS | 03/15/15 | 24,000. | 3,429. | 200DB | 7.00 | 5,877. | 0. |
| 18. 8 SOTAR INFLATABLE KAYAKS | 02/02/15 | 16,000. | 2,286. | 200DB | 7.00 | 3,918. | 0. |
| 19. MISC RAFTING EQUIPMENT | 02/02/15 | 24,000. | 3,429. | 200DB | 7.00 | 5,877. | 0. |
| 20. RAFT TRAILER #1 | 02/02/15 | 2,000. | 286. | 200DB | 7.00 | 490. | 0. |
| 21. RAFT TRAILER #2 | 02/02/15 | 2,000. | 286. | 200DB | 7.00 | 490. | 0. |
| 22. 2 AXLE TRAILER | 02/02/15 | 3,500. | 500. | 200DB | 7.00 | 857. | 0. |
| 23. STOCK TRAILER | 02/02/15 | 4,000. | 572. | 200DB | 7.00 | 979. | 0. |

MARBLE MOUNTAIN RANCH, INC.

| | | | | | | | | |
|-----|---|----------|----------|--------|-------|-------|---------|----|
| 24. | HYDE DRIFT BOAT #1 | 02/02/15 | 8,000. | 1,143. | 200DB | 7.00 | 1,959. | 0. |
| 25. | HYDE DRIFT BOAT #2 | 02/02/15 | 7,000. | 1,000. | 200DB | 7.00 | 1,714. | 0. |
| 26. | WILLIE DRIFT BOAT | 02/02/15 | 3,500. | 500. | 200DB | 7.00 | 857. | 0. |
| 27. | MISCELLANEOUS FISHING GEAR | 02/02/15 | 12,000. | 1,715. | 200DB | 7.00 | 2,939. | 0. |
| 28. | 1997 WATER PURIFICATION SYSTEM | 02/02/15 | 500. | 72. | 200DB | 7.00 | 122. | 0. |
| 29. | 2015 WATER PURIFICATION SYSTEM (UPGRADED) | 03/02/15 | 32,000. | 4,572. | 200DB | 7.00 | 7,837. | 0. |
| 30. | HOOK LATCH AG LINES & SPRINKLERS | 03/01/15 | 8,000. | 1,143. | 200DB | 7.00 | 1,959. | 0. |
| 31. | 20' CARGO CONTAINERS | 02/02/15 | 8,000. | 1,143. | 200DB | 7.00 | 1,959. | 0. |
| 32. | HORSE PANELS FENCING | 02/02/15 | 11,000. | 1,572. | 200DB | 7.00 | 2,694. | 0. |
| 33. | TACK FOR 25 HORSES | 02/02/15 | 12,000. | 1,715. | 200DB | 7.00 | 2,939. | 0. |
| 34. | JOHN DEERE 60KW GENSET | 02/02/15 | 9,500. | 1,357. | 200DB | 7.00 | 2,327. | 0. |
| 35. | IVECO 60KW GENSET | 02/02/15 | 8,000. | 1,143. | 200DB | 7.00 | 1,959. | 0. |
| 36. | HYDROPLANT 40 KW GENERATOR | 03/15/15 | 50,000. | 1,143. | 200DB | 7.00 | 12,245. | 0. |
| 37. | HONDA PORTABLE GENSET | 03/01/15 | 3,936. | 503. | 200DB | 7.00 | 964. | 0. |
| 38. | SOIL TAMPER | 02/02/15 | 3,500. | 500. | 200DB | 7.00 | 857. | 0. |
| 39. | WELDING EQUIPMENT | 02/02/15 | 3,500. | 500. | 200DB | 7.00 | 857. | 0. |
| 40. | MISC CONSTRUCTION TOOLS & EQUIPMENT | 02/02/15 | 20,000. | 2,857. | 200DB | 7.00 | 4,898. | 0. |
| 41. | 500 GAL CONTAINMENT FUEL TANK | 02/02/15 | 3,000. | 715. | 200DB | 7.00 | 1,224. | 0. |
| 42. | 650 GAL CONTAINMENT FUEL TANK | 02/02/15 | 7,000. | 1,000. | 200DB | 7.00 | 1,714. | 0. |
| 43. | CABIN #1 | 02/02/15 | 67,200. | 2,240. | SL | 27.50 | 2,444. | 0. |
| 44. | CABIN #2 | 02/02/15 | 106,400. | 3,547. | SL | 27.50 | 3,869. | 0. |
| 45. | CABIN #3 | 02/02/15 | 67,200. | 2,240. | SL | 27.50 | 2,444. | 0. |
| 46. | CABIN #4 | 02/02/15 | 67,200. | 2,240. | SL | 27.50 | 2,444. | 0. |
| 47. | CABIN #5 & 6 - DUPLEX | 02/02/15 | 108,500. | 3,617. | SL | 27.50 | 3,945. | 0. |
| 48. | CABIN #7 & 8 - DUPLEX | 02/02/15 | 80,640. | 2,688. | SL | 27.50 | 2,932. | 0. |
| 49. | CABIN #9 | 02/02/15 | 98,560. | 3,285. | SL | 27.50 | 3,584. | 0. |
| 50. | CABIN #10 | 02/02/15 | 87,360. | 2,912. | SL | 27.50 | 3,177. | 0. |

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MARBLE MOUNTAIN RANCH, INC.

| | | | | | | | |
|---|----------|-------------------|-----------------|-------|-------|-----------------|-----------|
| 51. QUAILS NEST HOUSE | 02/02/15 | 225,400. | 7,513. | SL | 27.50 | 8,196. | 0. |
| 52. SLEEPY HOLLOW HOUSE | 02/02/15 | 109,200. | 3,640. | SL | 27.50 | 3,971. | 0. |
| 53. RIVER VIEW HOUSE | 02/02/15 | 347,200. | 11,573. | SL | 27.50 | 12,625. | 0. |
| 54. COVERED RIDING ARENA | 02/02/15 | 157,000. | 15,700. | 200DB | 10.00 | 28,260. | 0. |
| 55. ARENA TACK BUILDING | 02/02/15 | 77,740. | 7,774. | 200DB | 10.00 | 13,993. | 0. |
| 56. LODGE/MESS HALL | 02/02/15 | 230,580. | 8,647. | 150DB | 20.00 | 16,645. | 0. |
| 57. HAY BARN | 02/02/15 | 120,000. | 12,000. | 200DB | 10.00 | 21,600. | 0. |
| 58. TACK HOUSE | 02/02/15 | 22,100. | 2,210. | 200DB | 10.00 | 3,978. | 0. |
| 59. GIFT SHOP | 02/02/15 | 62,860. | 2,358. | 150DB | 20.00 | 4,538. | 0. |
| 60. LAUNDRY/SHOWER HOUSE | 02/02/15 | 78,842. | 2,957. | 150DB | 20.00 | 5,691. | 0. |
| 61. GREENHOUSE | 02/02/15 | 25,000. | 2,500. | 200DB | 10.00 | 4,500. | 0. |
| 62. POWER HOUSE | 02/02/15 | 10,000. | 235. | SL | 39.00 | 256. | 0. |
| 63. GAME ROOM | 02/02/15 | 10,000. | 458. | SL | 20.00 | 500. | 0. |
| 64. SHOP BUILDING | 02/02/15 | 156,000. | 15,500. | 200DB | 10.00 | 28,080. | 0. |
| 65. KAWASAKI ATV | 07/09/16 | 6,751. | 0. | 200DB | 7.00 | 965. | 0. |
| 66. MINI EXCAVATOR | 05/06/16 | 3,478. | 0. | 200DB | 7.00 | 497. | 0. |
| 67. WATER FILTRATION SYSTEM | 02/24/16 | 33,503. | 0. | 200DB | 7.00 | 4,786. | 0. |
| 68. 2017 GMC 3500 | 02/12/16 | 68,324. | 0. | 200DB | 5.00 | 13,665. | 0. |
| 69. STOCK - STARDUST | 03/01/16 | 1,200. | 0. | 200DB | 7.00 | 172. | 0. |
| 70. STOCK - SEDONA | 03/01/16 | 1,200. | 0. | 200DB | 7.00 | 172. | 0. |
| 71. STOCK - DARTANJION | 08/01/16 | 1,200. | 0. | 200DB | 7.00 | 172. | 0. |
| 72. ARENA STUDIO HOUSING | 05/01/16 | 28,635. | 0. | SL | 27.50 | 694. | 0. |
| 73. HAY BARN (REBUILD-SNOW DAMAGE COLLAPSE) | 05/01/16 | 21,000. | 0. | 200DB | 10.00 | 2,100. | 0. |
| TOTAL DEPRECIATION | | 2,943,396. | 183,804. | | | 315,541. | 0. |

CA CALIFORNIA TRADE OR BUSINESS INCOME - TAXES STATEMENT 12

| DESCRIPTION | AMOUNT |
|--|---------|
| BOE | 682. |
| BUSINESS LICENSES & SPECIAL PERMITS | 742. |
| COUNTY BED TAX | 912. |
| PAYROLL TAXES | 10,512. |
| REAL PROPERTY TAXES - RANCH | 5,174. |
| STATE FIRE TAX | 117. |
| CALIFORNIA TAXES - BASED ON INCOME | 3,000. |
| LESS: | |
| CALIFORNIA INCOME/FRANCHISE TAX | -3,000. |
| TOTAL TO CALIFORNIA TRADE OR BUSINESS INCOME SCHEDULE, LINE 12 | 18,139. |

CA OTHER TRADE OR BUSINESS DEDUCTIONS STATEMENT 13

| DESCRIPTION | AMOUNT |
|-----------------------------------|---------|
| AMMUNITION & RANGE EXPENSES | 17,238. |
| AUTO FEES & REGISTRATION | 792. |
| BANK FEES | 322. |
| CASUAL LABOR | 3,466. |
| COMMISSIONS & REFERRAL FEES | 27,771. |
| DUES & SUBSCRIPTIONS | 3,423. |
| FISH FOR STOCKING POND | 800. |
| FISHING EXPENSES | 946. |
| FOOD/LODGING/SUPPLIES-DAY TRIPS | 65,127. |
| FUEL | 5,536. |
| HORSE TACK/GEAR | 234. |
| INSURANCE - OTHER | 16,685. |
| LEGAL AND PROFESSIONAL FEES | 75,342. |
| LINENS & SUPPLIES | 9,083. |
| MISCELLANEOUS EXPENSE | 2,966. |
| OFFICE EXPENSE | 2,206. |
| OFFICE SUPPLIES | 1,204. |
| OUTSIDE SERVICES | 15,350. |
| PARKING | 3. |
| POSTAGE | 515. |
| RAFTING EXPENSES | 12,017. |
| RANCH ACTIVITIES & ENTERTAINMENT | 1,315. |
| RANCH UNIFORMS | 1,058. |
| RANCH UTILITIES | 26,843. |
| SMALL SPORTING EQUIPMENT EXPENSES | 561. |
| SOCIAL MEDIA COSTS | 465. |
| SPECIAL USE PERMITS - USFS/BLM | 5,199. |
| STOCK FEED | 26,348. |
| SUPPLIES & SMALL TOOLS | 3,077. |

MARBLE MOUNTAIN RANCH, INC.

| | |
|--|-------------|
| TELEPHONE EXPENSES | 5,372. |
| TOOLS - OTHER | 1,246. |
| TRAILER RIGGING | 1,499. |
| VEHICLE INSURANCE | 6,313. |
| VEHICLE MAINTENANCE & UPKEEP | 6,201. |
| VEHICLE REPAIR | 9,374. |
| VETERINARY EXPENSES | 3,222. |
| WEBSITE DEVELOPMENT/MAINTENANCE | 5,335. |
| WORKERS COMP INSURANCE | 12,414. |
| | <hr/> |
| TOTAL OTHER TRADE OR BUSINESS DEDUCTIONS | 376,868. |
| | <hr/> <hr/> |

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TAXABLE YEAR

**Shareholder's Share of Income,
Deductions, Credits, etc.**

CALIFORNIA SCHEDULE

2016

K-1 (100S)

TYB 01-01-2016 TYE 12-31-2016

DOUGLAS T COLE

92520 HIGHWAY 96
SOMES BAR CA 95568

3752657
MARBLE MOUNTAIN RANCH INC

92520 HIGHWAY 96
SOMES BAR CA 95568

A Shareholder's percentage of stock ownership for the tax year • 50.000000%

B Reportable transaction or tax shelter registration number(s): _____

C Check here if this is: • (1) A final Schedule K-1 (2) An amended Schedule K-1

D What type of entity is this shareholder? ... • (1) Individual (2) Estate/trust (3) Qualified exempt organization (4) Single member LLC

E Is this shareholder a resident of California? • Yes No

Caution: Refer to the shareholder's instructions for Schedule K-1 (100S) before entering information from this schedule on your California tax return.

| | (a) Pro-rata share items | (b) Amount from federal Schedule K-1 (Form 1120S) | (c) California adjustment | (d) Total amounts using CA law. Combine col. (b) and col. (c) where applicable | (e) California source amounts and credits |
|---------------------------|--|--|---------------------------------|---|--|
| Income (Loss) | 1 Ordinary business income (loss) | -68,627. | 900. | -67,727. | -67,727. |
| | 2 Net rental real estate income (loss) | | | | |
| | 3 Other net rental income (loss) | | | | |
| | 4 Interest income | | | | |
| | 5 Dividends. See instructions | | | | |
| | 6 Royalties | | | | |
| | 7 Net short-term capital gain (loss) | | | | |
| | 8 Net long-term capital gain (loss) | | | | |
| | 9 Net IRC Section 1231 gain (loss) | | | | |
| Other Income (Loss) | 10 a Other portfolio income (loss) | | | | |
| | b Other income (loss) | | | | |

| | |
|--|--|
| Shareholder's name DOUGLAS T. COLE | Shareholder's identifying number [REDACTED] |
|--|--|

Caution: Refer to the shareholder's instructions for Schedule K-1 (100S) before entering information from this schedule on your California tax return.

| | (a) Pro-rata share items | (b) Amount from federal Schedule K-1 (Form 1120S) | (c) California adjustment | (d) Total amounts using CA law. Combine col. (b) and col. (c) where applicable | (e) California source amounts and credits |
|--|--|--|------------------------------|---|--|
| Deductions | 11 Expense deduction for recovery property (IRC Section 179). Attach schedules | | | | |
| | 12 a Charitable contributions | 3,214. | | 3,214. | |
| | b Investment interest expense | | | • | ▶ |
| | c 1 IRC Section 59(e)(2) expenditures | | | | |
| | 2 Type of expenditures | | | | |
| | d Deductions - portfolio | | | | |
| | e Other deductions | | | | |
| Credits | 13 a Low-income housing credit. See instructions. Attach schedule | | | • | ▶ |
| | b Credits related to rental real estate activities other than on line 13(a). Attach schedule | | | • | ▶ |
| | c Credits related to other rental activities. See instructions. Attach schedule | | | • | ▶ |
| | d Other credits. Attach schedule | | | • | ▶ |
| | 14 Total withholding (equals amount on Form 592-B if calendar year) | | | • | ▶ |
| Alternative Minimum Tax (AMT) Items | 15 a Depreciation adjustment on property placed in service after 12/31/86 | | | 25,947. | 25,947. |
| | b Adjusted gain or loss | | | | |
| | c Depletion (other than oil and gas) | | | | |
| | d 1 Gross income from oil, gas, and geothermal properties | | | | |
| | 2 Deductions allocable to oil, gas, and geothermal properties | | | | |
| | e Other AMT items. Attach schedule | | | | |
| Items Affecting Shareholder Basis | 16 a Tax-exempt interest income | | | | |
| | b Other tax-exempt income | | | 0. | |
| | c Nondeductible expenses STMT | | 1,500. | 1,500. | 1,500. |
| | d Total property distributions (include cash) other than dividends distribution reported on line 17c | | | • | ▶ |
| | e Repayment of loans from shareholders | | | • | ▶ |
| Other Information | 17 a Investment income. See instructions | | | | |
| | b Investment expenses. See instructions | | | | |
| | c Total taxable dividend distribution paid from accumulated earnings and profits. See instructions | | | • | ▶ |
| | d Other information. See instructions | | | | STMT |
| Other State Taxes | 18 a Type of income | | | | |
| | b Name of state | | | | |
| | c Total gross income from sources outside California. Attach schedule | | | | |
| | d Total applicable deductions and losses. Attach schedule | | | | |
| | e Total other state taxes. Check one: <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | | | • | ▶ |

DUPLICATE COPY



| | |
|--|--------------------------------------|
| Shareholder's name DOUGLAS T. COLE | Shareholder's identifying number |
|--|--------------------------------------|

Other Shareholder Information

Table 1 - Each shareholder's share of nonbusiness income from intangibles. See instructions.

| | | | | | |
|-------------------------------|----------|----------------------|----------|-----------|----------|
| Interest | \$ _____ | Royalties | \$ _____ | Dividends | \$ _____ |
| IRC Section 1231 Gains/Losses | \$ _____ | Capital Gains/Losses | \$ _____ | Other | \$ _____ |

FOR USE BY SHAREHOLDERS ONLY. SEE INSTRUCTIONS.

Table 2 - Shareholder's pro-rata share of business income and factors. See instructions.

- A. Shareholder's share of the S corporation's business income \$ _____
- B. Shareholder's share of the nonbusiness income from real and tangible property sourced or allocable to California:

| | | | |
|-------------------------------|----------|-----------------|----------|
| Capital Gains/Losses | \$ _____ | Rents/Royalties | \$ _____ |
| IRC Section 1231 Gains/Losses | \$ _____ | Other | \$ _____ |

- C. Shareholder's share of the S corporation's property, payroll, and sales:

| Factors | Total within and outside California | Total within California |
|---------------------|-------------------------------------|-------------------------|
| Property: Beginning | \$ _____ | \$ _____ |
| Ending | \$ _____ | \$ _____ |
| Annual Rent Expense | \$ _____ | \$ _____ |
| Payroll | \$ _____ | \$ _____ |
| Sales | \$ _____ | \$ _____ |

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CA SCHEDULE K-1 OTHER INFORMATION ATTRIBUTABLE TO CALIFORNIA

| DESCRIPTION | AMOUNT | SHAREHOLDER INSTRUCTIONS |
|--|----------|---------------------------|
| AGGREGATED GROSS RECEIPTS LESS RETURNS | 375,319. | SEE FORM 540 INSTRUCTIONS |

CA SCHEDULE K-1 NONDEDUCTIBLE EXPENSES

| DESCRIPTION | AMOUNT | SHAREHOLDER INSTRUCTIONS |
|-----------------------------------|--------|---------------------------|
| FOREIGN/STATE INCOME TAX DEDUCTED | 1,500. | SEE FORM 540 INSTRUCTIONS |
| TOTAL TO SCHEDULE K-1, LINE 16C | 1,500. | |

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TAXABLE YEAR

2016

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

CALIFORNIA SCHEDULE

K-1 (100S)

TYB 01-01-2016 TYE 12-31-2016

HEIDI A COLE

92520 HIGHWAY 96
SOMES BAR CA 95568

3752657
MARBLE MOUNTAIN RANCH INC

92520 HIGHWAY 96
SOMES BAR CA 95568

A Shareholder's percentage of stock ownership for the tax year • 50.000000%

B Reportable transaction or tax shelter registration number(s): _____

C Check here if this is: • (1) A final Schedule K-1 (2) An amended Schedule K-1

D What type of entity is this shareholder? ... • (1) Individual (2) Estate/trust (3) Qualified exempt organization (4) Single member LLC

E Is this shareholder a resident of California? • Yes No

Caution: Refer to the shareholder's instructions for Schedule K-1 (100S) before entering information from this schedule on your California tax return.

| | (a) Pro-rata share items | (b) Amount from federal Schedule K-1 (Form 1120S) | (c) California adjustment | (d) Total amounts using CA law. Combine col. (b) and col. (c) where applicable | (e) California source amounts and credits |
|---------------------------|--|--|---------------------------------|---|--|
| Income (Loss) | 1 Ordinary business income (loss) | -68,626. | 900. | -67,726. | -67,726. |
| | 2 Net rental real estate income (loss) | | | | |
| | 3 Other net rental income (loss) | | | | |
| | 4 Interest income | | | | |
| | 5 Dividends. See instructions | | | | |
| | 6 Royalties | | | | |
| | 7 Net short-term capital gain (loss) | | | | |
| | 8 Net long-term capital gain (loss) | | | | |
| | 9 Net IRC Section 1231 gain (loss) | | | | |
| Other Income (Loss) | 10 a Other portfolio income (loss) | | | | |
| | b Other income (loss) | | | | |

| | |
|--|--|
| Shareholder's name HEIDI A. COLE | Shareholder's identifying number [REDACTED] |
|--|--|

Caution: Refer to the shareholder's instructions for Schedule K-1 (100S) before entering information from this schedule on your California tax return.

| | (a) Pro-rata share items | (b) Amount from federal Schedule K-1 (Form 1120S) | (c) California adjustment | (d) Total amounts using CA law. Combine col. (b) and col. (c) where applicable | (e) California source amounts and credits | |
|--|---|--|------------------------------|---|--|---|
| Deductions | 11 Expense deduction for recovery property (IRC Section 179). Attach schedules | | | | | |
| | 12 a Charitable contributions | 3,213. | | 3,213. | | |
| | b Investment interest expense | | | • | ▶ | |
| | c 1 IRC Section 59(e)(2) expenditures | | | | | |
| | 2 Type of expenditures | | | | | |
| | d Deductions - portfolio | | | | | |
| | e Other deductions | | | | | |
| Credits | 13 a Low-income housing credit. See instructions. Attach schedule | | | • | ▶ | |
| | b Credits related to rental real estate activities other than on line 13(a). Attach schedule | | | | ▶ | |
| | c Credits related to other rental activities. See instructions. Attach schedule | | | | ▶ | |
| | d Other credits. Attach schedule | | | | ▶ | |
| | 14 Total withholding (equals amount on Form 592-B if calendar year) | | | • | ▶ | |
| Alternative Minimum Tax (AMT) Items | 15 a Depreciation adjustment on property placed in service after 12/31/86 | | | 25,946. | 25,946. | |
| | b Adjusted gain or loss | | | | | |
| | c Depletion (other than oil and gas) | | | | | |
| | d 1 geothermal properties | | | | | |
| | 2 geothermal properties | | | | | |
| | e Other AMT items. Attach schedule | | | | | |
| Items Affecting Shareholder Basis | 16 a Tax-exempt interest income | | | | | |
| | b Other tax-exempt income | | | 0. | | |
| | c Nondeductible expenses STMT | | 1,500. | 1,500. | 1,500. | |
| | d Total property distributions (include cash) other than dividends distribution reported on line 17c | | | | • | ▶ |
| | e Repayment of loans from shareholders | | | | • | ▶ |
| Other Information | 17 a Investment income. See instructions | | | | | |
| | b Investment expenses. See instructions | | | | | |
| | c Total taxable dividend distribution paid from accumulated earnings and profits. See instructions | | | | • | ▶ |
| | d Other information. See instructions | | | | STMT | |
| Other State Taxes | 18 a Type of income | | | | | |
| | b Name of state | | | | | |
| | c Total gross income from sources outside California. Attach schedule | | | | | |
| | d Total applicable deductions and losses. Attach schedule | | | | | |
| | e Total other state taxes. Check one: <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | | | | • | ▶ |

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| | |
|--|--|
| Shareholder's name HEIDI A. COLE | Shareholder's identifying number [REDACTED] |
|--|--|

Table 1 - Each shareholder's share of nonbusiness income from intangibles. See instructions.

| | | | | | |
|-------------------------------|----------|----------------------|----------|-----------|----------|
| Interest | \$ _____ | Royalties | \$ _____ | Dividends | \$ _____ |
| IRC Section 1231 Gains/Losses | \$ _____ | Capital Gains/Losses | \$ _____ | Other | \$ _____ |

FOR USE BY SHAREHOLDERS ONLY. SEE INSTRUCTIONS.

Table 2 - Shareholder's pro-rata share of business income and factors. See instructions.

Other Shareholder Information

- A. Shareholder's share of the S corporation's business income \$ _____
- B. Shareholder's share of the nonbusiness income from real and tangible property sourced or allocable to California:

| | | | |
|-------------------------------|----------|-----------------|----------|
| Capital Gains/Losses | \$ _____ | Rents/Royalties | \$ _____ |
| IRC Section 1231 Gains/Losses | \$ _____ | Other | \$ _____ |

- C. Shareholder's share of the S corporation's property, payroll, and sales:

| Factors | Total within and outside California | Total within California |
|---------------------|-------------------------------------|-------------------------|
| Property: Beginning | \$ _____ | \$ _____ |
| Ending | \$ _____ | \$ _____ |
| Annual Rent Expense | \$ _____ | \$ _____ |
| Payroll | \$ _____ | \$ _____ |
| Sales | \$ _____ | \$ _____ |

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CA SCHEDULE K-1 OTHER INFORMATION ATTRIBUTABLE TO CALIFORNIA

| DESCRIPTION | AMOUNT | SHAREHOLDER INSTRUCTIONS |
|--|----------|---------------------------|
| AGGREGATED GROSS RECEIPTS LESS RETURNS | 375,318. | SEE FORM 540 INSTRUCTIONS |

CA SCHEDULE K-1 NONDEDUCTIBLE EXPENSES

| DESCRIPTION | AMOUNT | SHAREHOLDER INSTRUCTIONS |
|-----------------------------------|--------|---------------------------|
| FOREIGN/STATE INCOME TAX DEDUCTED | 1,500. | SEE FORM 540 INSTRUCTIONS |
| TOTAL TO SCHEDULE K-1, LINE 16C | 1,500. | |

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DO NOT MAIL THIS FORM TO THE FTB

Date Accepted _____

TAXABLE YEAR

2016

California e-file Return Authorization for Corporations

FORM

8453-C

Corporation name

MARBLE MOUNTAIN RANCH, INC.

Identifying number

Part I Tax Return Information (whole dollars only)

| | | | |
|---|--|---|-------------|
| 1 | Total income (Form 100, line 9, Form 100S, line 8, Form 100W, line 9 or Form 100X, Line 6) | 1 | -135,453.00 |
| 2 | Taxable income (Form 100, line 22, Form 100S, line 20, Form 100W, line 22 or Form 100X, Line 10) | 2 | -135,453.00 |
| 3 | Total tax (Form 100, line 30, Form 100S, line 29, Form 100W, line 30 or Form 100X, Line 18) | 3 | 800.00 |
| 4 | Tax due (Form 100, line 39, Form 100S, line 38, Form 100W, line 36 or Form 100X, Line 20) | 4 | 00 |
| 5 | Overpayment (Form 100, line 40, Form 100S, line 39, Form 100W, line 37 or Form 100X, Line 27) | 5 | 00 |

Part II Settle Your Account Electronically for Taxable Year 2016

- 6 Direct deposit of refund (For Forms 100, 100S, and 100W only.)
- 7 Electronic funds withdrawal **7a** Amount **7b** Withdrawal date (mm/dd/yyyy)

Part III Schedule of Estimated Tax Payments for Taxable Year 2017 (These are NOT installment payments for the current amount the corporation owes.)

| | First Payment | Second Payment | Third Payment | Fourth Payment |
|-------------------|---------------|----------------|---------------|----------------|
| 8 Amount | | | | |
| 9 Withdrawal Date | | | | |

Part IV Banking Information (Have you verified the corporation's banking information?)

- 10 Routing number _____
- 11 Account number _____
- 12 Type of account: Checking Savings

Part V Declaration of Officer

I authorize the corporate account to be settled as designated in Part II. If I check Part II, Box 6, I declare that the account specified in Part IV for the direct deposit refund agrees with the authorization stated on my return. If I check Part II, Box 7, I authorize an electronic funds withdrawal for the amount listed on line 7a and any estimated payment amounts listed on line 8 from the account specified in Part IV.

Under penalties of perjury, I declare that I am an officer of the above corporation and that the information I provided to my electronic return originator (ERO), transmitter, or intermediate service provider and the amounts in Part I above agree with the amounts on the corresponding lines of the corporation's 2016 California income tax return. To the best of my knowledge and belief, the corporation's return is true, correct, and complete. If the corporation is filing a balance due return, I understand that if the Franchise Tax Board (FTB) does not receive full and timely payment of the corporation's tax liability, the corporation will remain liable for the tax liability and all applicable interest and penalties. I authorize the corporation return and accompanying schedules and statements be transmitted to the FTB by the ERO, transmitter, or intermediate service provider. If the processing of the corporation's return or refund is delayed, I authorize the FTB to disclose to the ERO or intermediate service provider the reason(s) for the delay or the date when the refund was sent.

Sign Here

Signature of officer _____ Date _____ Title **PRESIDENT**

Part VI Declaration of Electronic Return Originator (ERO) and Paid Preparer.

I declare that I have reviewed the above corporation's return and that the entries on form FTB 8453-C are complete and correct to the best of my knowledge. (If I am only an intermediate service provider, I understand that I am not responsible for reviewing the corporation's return. I declare, however, that form FTB 8453-C accurately reflects the data on the return.) I have obtained the corporate officer's signature on form FTB 8453-C before transmitting this return to the FTB; I have provided the corporate officer with a copy of all forms and information that I will file with the FTB, and I have followed all other requirements described in FTB Pub. 1345, 2016 e-file Handbook for Authorized e-file Providers. I will keep form FTB 8453-C on file for four years from the due date of the return or four years from the date the corporation return is filed, whichever is later, and I will make a copy available to the FTB upon request. If I am also the paid preparer, under penalties of perjury, I declare that I have examined the above corporation's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I make this declaration based on all information of which I have knowledge.

| | | | | | |
|----------------------|---|--|---|---|--------------|
| ERO Must Sign | ERO's signature | Date | Check if also paid preparer <input checked="" type="checkbox"/> | Check if self-employed <input type="checkbox"/> | ERO's PTIN |
| | Firm's name (or yours if self-employed) and address | ALLAN K. DORFF, CPA INC. 1181 PUERTA DEL SOL, #140 SAN CLEMENTE, CA | | FEIN | 92673 |

Under penalties of perjury, I declare that I have examined the above corporation's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I make this declaration based on all information of which I have knowledge.

| | | | | |
|--------------------------------|---|------|---|----------------------|
| Paid Preparer Must Sign | Paid preparer's signature | Date | Check if self-employed <input type="checkbox"/> | Paid preparer's PTIN |
| | Firm's name (or yours if self-employed) and address | | | FEIN |

For Privacy Notice, get FTB 1131 ENG/SP.

FTB 8453-C 2016

639101 11-17-16

EXHIBIT B

July 20, 2017



Ms. Kerry Fuller
kerry@churchwellwhite.com
 Churchwell White LLP
 1414 K Street, 3rd Floor
 Sacramento, CA 95814

7777 Greenback Lane
 Suite 104
 Citrus Heights, CA
 95610

Tel. 916 / 722-1800
 Fax 916 / 722-4595

Principal:
 John C. Scroggs

Subject: Proposal for Engineering and Land Surveying Services, Marble Mountain Ranch Discharge Project, Siskiyou County

Ms. Fuller:

The following is our proposal to provide engineering and surveying services to design a piped intake on the Stanshaw Creek and to design a piped replacement of an existing open ditch discharge from the existing Stanshaw Creek point of diversion to the irrigation, domestic water, fire suppression and hydro power manifold at the Marble Mountain Ranch. Based on my discussions with you and Jeff Meyer at ECORP Consulting, we understand that:

- Approximately ¾ mile of open ditch is to be replaced with a pipeline
- The existing hand constructed gravel and cobble dam that now diverts flow from Stanshaw Creek to the open ditch system is to be replaced with a diversion structure that will be suitable to the owners of Marble Mountain Ranch and be acceptable to the California Department of Fish and Wildlife, North Coast Water Quality Control Board and State Water Resources Control Board. We will review with the owners and with Fish and Wildlife and Water Quality Control Board representatives screened and/or slotted intake facilities. The new intake structure shall have capacity to divert up to 3 cubic feet per second (cfs) but must also be suitable for low creek flow periods when the flow diverted may be as low as 0.3 cfs.
- Flow through the new pipeline will be metered. We will review with you and with the Marble Mountain Ranch owners how these flows are to be recorded and if the meter is to provide a feedback signal to an automatic control valve for flow control.
- Much of the area to be replaced with piped improvements and the existing and proposed point of diversion at Stanshaw Creek are located on Klamath National Forest Land. We understand that the Marble Mountain Ranch point of diversion and discharge ditch pre-date the establishment of the Klamath National Forest and are not subject to forest land lease requirements or a special use permit.
- Point of diversion improvements may modify the bed, bank or channel of Stanshaw Creek and, therefore, will likely require a California Fish and

CIVIL
 WATER RESOURCES
 SURVEYING



Wildlife Section 1602 Streambed Alteration Permit. For the purpose of this proposal, we have not included application for the Section 1602 Permit in the scope of our work. We will, however, assist your office with the preparation of plans, exhibits, photos, cost estimates and the like to support the Section 1602 Permit Application by you or by others.

- The scope of our work will include assistance in obtaining construction bids from qualified contractors, responding to questions from prospective bidders and assistance to you and to the owner of Marble Mountain Ranch in selecting a contractor for this work. We will also conduct a preconstruction meeting and assist the selected contractor with establishing horizontal and vertical surveying and mapping control to construct the proposed improvements.
- Ditch replacement improvement plans and the plans and specifications for the new point of diversion on Stanshaw Creek will be prepared for review and approval by California Fish and Wildlife, North Coast Regional Water Quality Control Board and State Water Resources Control Board. Plans and specifications will be submitted to your office and to your clients prior to submittal to the regulatory agencies. We expect that to obtain plan approval an initial submittal followed by two resubmittals, responding to review comments, will be required.

We propose to prepare plans and specifications for the Marble Mountain Ranch Discharge as described herein for a fee of \$44,250. Invoices will be prepared for work conducted during monthly billing periods in accordance with our current Standard Rate Schedule, attached. As we discussed, the piped system improvement plans and specifications will be prepared in anticipation that project improvements will be constructed during the 2018 construction season.

In the preparation of this proposal, I have assumed that I will have the opportunity to review existing conditions at the site and confirm the scope of our work with the owners of Marble Mounting Ranch. This initial review will be conducted at the time of our field surveys. Early in the design process, I will also meet with representatives of the Fish and Wildlife, North Coast Water Quality Board and State Water Resources. If our proposal is acceptable to you, please provide contact information for the owner of Marble Mountain Ranch and for other stakeholders to coordinate our services.

Thank you for the opportunity to be of service.

Very truly yours,

KASL Consulting/Engineers

A handwritten signature in black ink, appearing to read "John C. Scroggs", is written over the typed name.

John C. Scroggs

2017 STANDARD RATE SCHEDULE

KASL CONSULTING ENGINEERS, providing superior service in civil engineering, water resources and surveying since 1982.

We define the art of engineering.



PROFESSIONAL RATES

| | |
|----------------------------------|-------------------|
| Engineer, Surveyor 1 | \$184.00 per hour |
| Engineer, Surveyor 2 | \$157.00 per hour |
| Engineer, Surveyor 3 | \$140.00 per hour |
| Engineer, Surveyor 4 | \$124.00 per hour |
| Engineer, Surveyor 5 | \$108.00 per hour |
| Engineer, Surveyor, Technician 6 | \$ 96.00 per hour |
| Engineer, Surveyor, Technician 7 | \$ 91.00 per hour |
| Engineer, Surveyor, Technician 8 | \$ 81.00 per hour |
| Technician, Administration 9 | \$ 64.00 per hour |
| Technician, Administration 10 | \$ 60.00 per hour |
| Technician, Administration 11 | \$ 39.00 per hour |
| 2-Man Survey Crew | \$195.00 per hour |
| 3-Man Survey Crew | \$235.00 per hour |

BASIC CHARGES

TRAVEL OUTSIDE OF SACRAMENTO METROPOLITAN AREA -- \$0.54 per mile for truck or private vehicle, or direct cost of public transportation, plus direct cost of meals and lodging.

WHEN PERSONNEL are required to work during premium overtime pay hours, the above hourly rates will be multiplied by 1.50 for time-and-one-half hours and by 2.00 for double time hours.

OTHER DIRECT EXPENDITURES on behalf of the client will be billed at cost plus 15% percent for handling.

UNDER PROVISIONS OF THIS AGREEMENT, a late payment finance charge will be computed at the periodic rate of 1.5% percent per month, which is an annual percentage rate of 18% percent, and will be applied to an unpaid balance commencing 30 days after the date of the original invoice.