

1998 Partnership Return of Income

565

For calendar year 1998 or fiscal year beginning month _____ day _____ year 1998, and ending month _____ day _____ year 19 _____

| | | |
|---|---|---|
| A Principal business activity name <i>(same as federal)</i> | Partnership name (place label within block or type or print) <input type="checkbox"/> Check box if name changed | D FEIN ● |
| B Principal product or service <i>(same as federal)</i> | DBA | E Date business started ● |
| C Principal business code <i>(same as federal)</i> | Number and street (or PO Box number if mail is not delivered to street address) | F Enter total assets at end of year. See instructions. ● \$ |
| G Check accounting method: ● (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (attach explanation) | City or town State ZIP Code | I Check applicable box (1) <input type="checkbox"/> Initial return ● (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Amended return |
| | H Secretary of State file number | |

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

| | | | |
|---|--|---|---------------------|
| Income | 1 a Gross receipts or sales \$_____ 1 b Less returns and allowances \$_____ Balance | 1c | |
| | 2 Cost of goods sold (Schedule A, line 8) | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c. ● | 3 | |
| | 4 Ordinary income (loss) from other partnerships and fiduciaries. Attach schedule. ● | 4 | |
| | 5 Net farm profit (loss). Attach federal Schedule F (Form 1040). ● | 5 | |
| | 6 Net gain (loss) from Schedule D-1, Part II, line 18 ● | 6 | |
| | 7 Other income (loss). Attach schedule ● | 7 | |
| | 8 TOTAL income (loss). Combine line 3 through line 7. ● | 8 | |
| Deductions | 9 Salaries and wages (other than to partners). | 9 | |
| | 10 Guaranteed payments to partners ● | 10 | |
| | 11 Repairs | 11 | |
| | 12 Bad debts. ● | 12 | |
| | 13 Rent. | 13 | |
| | 14 Taxes | 14 | |
| | 15 Deductible interest expense not claimed elsewhere on return | 15 | |
| | 16 a Depreciation and amortization. Attach form FTB 3885P \$_____ | | |
| | b Less depreciation reported on Schedule A and elsewhere on return \$_____ c Balance | 16c | |
| | 17 Depletion. Do not deduct oil and gas depletion | 17 | |
| | 18 Retirement plans, etc. | 18 | |
| 19 Employee benefit programs | 19 | | |
| 20 Other deductions. Attach schedule ● | 20 | | |
| 21 TOTAL deductions. Add line 9 through line 20 ● | 21 | | |
| 22 Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8 ● | 22 | | |
| 23 Tax — \$800.00 (limited partnerships, LLPs and REMICs only). See instructions. ● | 23 | | |
| Payments | 24 1998 nonresident withholding credit (\$800 maximum). See instructions. | 24 | |
| | 25 Amount paid with extension of time to file return | 25 | |
| | 26 Total payments. Add line 24 and line 25 | 26 | |
| Amount Due or Refund | 27 Tax due. If line 23 is more than line 26, subtract line 26 from line 23 | 27 | |
| | 28 Refund. If line 26 is more than line 23, subtract line 23 from line 26 28 | 28 | |
| | 29 Penalties and interest | 29 | |
| | 30 Total amount due. Add line 27 and line 29. Make check payable to Franchise Tax Board 30 | 30 | |
| Please Sign Here | Signature of general partner ▶ | Date | Telephone () |
| | Preparer's signature ▶ | Date | Preparer's SSN/FEIN |
| Paid Preparer's Use Only | Firm's name (or yours, if self-employed) and address ▶ | Check if self-employed <input type="checkbox"/> | FEIN |
| | | | Telephone () |

Schedule A Cost of Goods Sold

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|---|---|---|--|--|
| 1 | Inventory at beginning of year | 1 | | |
| 2 | Purchases less cost of items withdrawn for personal use | 2 | | |
| 3 | Cost of labor. | 3 | | |
| 4 | Additional IRC Section 263A costs. Attach schedule. | 4 | | |
| 5 | Other costs. Attach schedule. | 5 | | |
| 6 | Total. Add line 1 through line 5 | 6 | | |
| 7 | Inventory at end of year | 7 | | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on Side 1, line 2 | 8 | | |

- 9 a Check all methods used for valuing closing inventory:
 ● (1) Cost (2) Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3) Writedown of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (4) Other. Specify method used and attach explanation _____
- b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970.
- c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the partnership? Yes No
- d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost or valuations between opening and closing inventory? If "yes," attach explanation Yes No

- J** Enter the maximum number of partners in this partnership at any time during the year. (Be sure to attach a K-1 for each partner.) ●

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- K** Is any partner of the partnership related by blood or marriage to any other member? ●

| Yes | No |
|-----|----|
| | |
- L** Is any partner of the partnership a trust for the benefit of any person related by blood or marriage to any other member? ●

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- M** Are any partners in this partnership also partnerships or LLCs? ●

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- N** Does the partnership meet all the requirements shown in the instructions for Question N? ●

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- O** Is this partnership a partner or a member in another partnership or LLC? If yes, attach a statement with the names and FEINs of each entity. ●

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- P** Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the taxable year? If "yes," see the federal instructions concerning an election to adjust the basis of the partnership's assets under IRC Section 754. ●

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- Q** Is this partnership a publicly traded partnership as defined in IRC Section 469(k)(2)? ●

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- R** Is this partnership under audit by the IRS or has it been audited in a prior year? ●

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- S** Did this partnership or its subsidiaries have a transfer or acquisition of more than 50% in control or ownership? (See Instructions-Penalties May Apply) ●

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- T Type of entity.** Check only one "Yes" box for question T
- (1) General partnership ●

| Yes | No |
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| | |
- (2) Limited partnership that:
 • is doing business in California;
 • is registered with SOS; or
 • is organized in California ●

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- (3) Limited partnership that is filing to report California source income, but:
 • is not doing business in California;
 • is not registered with SOS; or
 • is not organized in California ●

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- (4) REMIC ●

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- (5) LLP ●

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- (6) Other (See Instructions) _____ ●

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- U** (1) Does the partnership have any foreign nonresident partners? ●

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- (2) Does the partnership have any nonresident partners? ●

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- (3) Were Form 592, Form 592-A and Form 592-B filed for these partners? ●

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- V** Is this an investment partnership? (See instructions.) ●

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- W** Is the partnership apportioning income to California using Schedule R? ●

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- X** Is the partnership required to complete federal Form 8271? If "Yes," see instructions. ●

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Schedule K Partners' Shares of Income, Deductions, Credits, Etc.

| | | (a) Distributive share items | (b) Amounts from federal K (1065) | (c) California Adjustments | (d) Total amounts using California law | |
|--------------------------------------|---|--|-----------------------------------|----------------------------|--|--------------------|
| Income (Loss) | 1 | Ordinary income (loss) from trade or business activities (Side 1, line 22) . . . | 1 ● | | | |
| | 2 | Net income (loss) from rental real estate activities. Attach federal Form 8825 . . . | 2 | | | |
| | 3 a | Gross income from other rental activities | 3a | | | |
| | 3 b | Less expenses. Attach schedule | 3b | | | |
| | 3 c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | | ● | |
| | 4 | Portfolio income (loss). See instructions: | | | | |
| | 4 a | Interest income | 4a | | ● | |
| 4 b | Dividend income | 4b | | ● | | |
| 4 c | Royalty income | 4c | | ● | | |
| 4 d | Net capital gain (loss) (Schedule D (565)) | 4d | | | | |
| 4 e | Other portfolio income (loss). Attach schedule | 4e | | ● | | |
| 5 | Guaranteed payments to partners | 5 | | ● | | |
| 6 | Net gain (loss) under IRC Section 1231 (other than due to casualty or theft). Attach Schedule D-1 | 6 | | ● | | |
| 7 | Other income (loss). Attach schedule | 7 | | | | |
| Deductions | 8 | Charitable contributions. See instructions. Attach schedule | 8 | | | |
| | 9 | Expense deduction for recovery property (R&TC Sections 17266, 17267.2, 17267.6 and 17268 and IRC Section 179). Attach schedule or worksheet for 179 deductions | 9 | | | |
| | 10 | Deductions related to portfolio income | 10 | | | |
| 11 | Other deductions. Attach schedule | 11 | | | | |
| Investment Interest | 12 a | Interest expense on investment debts | 12a | | ● | |
| | 12 b (1) | (1) Investment income included on lines 4a, 4b, 4c and line 4e above | 12b(1) | | | |
| | 12 b (2) | (2) Investment expenses included on line 10 above | 12b(2) | | | |
| Credits | 13 a (1) | (1) Withholding on partnership allocated to all partners | 13a(1) | | | |
| | 13 b | Low-income housing credit | 13b | | | |
| | 13 c | Credit(s) other than the credit shown on line 13b related to rental real estate activities. Attach schedule | 13c | | | |
| | 13 d | Credit(s) related to other rental activities. See instructions. Attach schedule | 13d | | | |
| | 14 | Other credits. See instructions. Attach schedule | 14 | | ● | |
| Adjustments and Tax Preference Items | 15 a | Depreciation adjustment on property placed in service after 1986 | 15a | | | |
| | 15 b | Adjusted gain or loss | 15b | | | |
| | 15 c | Depletion (other than oil and gas) | 15c | | | |
| | 15 d (1) | (1) Gross income from oil, gas and geothermal properties | 15d(1) | | | |
| | 15 d (2) | (2) Deductions allocable to oil, gas and geothermal properties | 15d(2) | | | |
| 15 e | Other adjustments and tax preference items. Attach schedule | 15e | | | | |
| Other | 16 a | Total expenditures to which IRC Section 59(e) election may apply. Attach schedule | 16a | | | |
| | 16 b | Type of expenditures _____ | 16b | | | |
| | 17 | Tax-exempt interest income | 17 | | | |
| | 18 | Other tax-exempt income | 18 | | ● | |
| | 19 | Nondeductible expenses | 19 | | | |
| | 20 | Distributions of money (cash and marketable securities) | 20 | | | |
| | 21 | Distribution of property other than money | 21 | | | |
| 22 | Other items and amounts reported separately to partners. See instructions. Attach schedule | 22 | | | | |
| Analysis | 23 a | Total distributive income/payment items. Combine line 1 through line 7 above. From the result, subtract the sum of line 8 through line 12a and line 16a | 23 | | ● | |
| | 23 b | Analysis by type of partner: | | | | |
| | | (a) Corporate | (b) Individual | (c) Partnership | (d) Exempt Organization | (e) Nominee/ Other |
| | | | i. Active | | | |
| | | | ii. Passive | | | |
| | (1) General partners | | | | | |
| | (2) Limited partners | | | | | |

Schedule L Balance Sheets. See the instructions for Question N before completing Schedules L, M-1 and M-2.

| Assets | Beginning of taxable year | | End of taxable year | |
|--|---------------------------|-----|---------------------|-----|
| | (a) | (b) | (c) | (d) |
| 1 Cash | | | | |
| 2 a Trade notes and accounts receivable | | | | |
| b Less allowance for bad debts | () | | () | |
| 3 Inventories | | | | ● |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets. Attach schedule | | | | ● |
| 7 Mortgage and real estate loans | | | | |
| 8 Other investments. Attach schedule | | | | ● |
| 9 a Buildings and other depreciable assets | | | | |
| b Less accumulated depreciation | () | | () | ● |
| 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 | | | | ● |
| 14 Total assets | | | | |
| Liabilities and Capital | | | | |
| 15 Accounts payable | | | | |
| 16 Mortgages, notes, bonds payable in less than 1 year | | | | |
| 17 Other current liabilities. Attach schedule | | | | |
| 18 All nonrecourse loans | | | | ● |
| 19 Mortgages, notes, bonds payable in 1 year or more | | | | ● |
| 20 Other liabilities. Attach schedule | | | | ● |
| 21 Partners' capital accounts | | | | ● |
| 22 Total liabilities and capital | | | | |

Schedule M-1 Reconciliation of Income per Books With Income per Return. Use total amount under California law.

| | | | |
|---|--|--|---|
| 1 Net income (loss) per books | | 6 Income recorded on books this year not included on Schedule K, line 1 through line 7. Itemize: | |
| 2 Income included on Schedule K, line 1 through line 7, not recorded on books this year. Itemize ● | | a Tax-exempt interest \$ _____ | ● |
| 3 Guaranteed payments (other than health insurance) | | 7 Deductions included on Schedule K, line 1 through line 12a and line 16a, not charged against book income this year. Itemize: | |
| 4 Expenses recorded on books this year not included on Schedule K, line 1 through line 12a and line 16a. Itemize: | | a Depreciation \$ _____ | ● |
| a Depreciation \$ _____ | | b Travel and entertainment \$ _____ | |
| b Travel and entertainment \$ _____ | | c Limited partnership tax \$ _____ | ● |
| c Limited partnership tax \$ _____ | | 8 Total of line 6 and line 7 | |
| 5 Total of line 1 through line 4 | | 9 Income (loss) (Schedule K, line 23a). Subtract line 8 from line 5 | |

Schedule M-2 Analysis of Partners' Capital Accounts

| | | | |
|-------------------------------------|--|---|---|
| 1 Balance at beginning of year | | 6 Distributions: a Cash | ● |
| 2 Capital contributed during year ● | | b Property | ● |
| 3 Net income (loss) per books | | 7 Other decreases. Itemize | |
| 4 Other increases. Itemize ● | | _____ | ● |
| _____ | | 8 Total of line 6 and line 7 | |
| 5 Total of line 1 through line 4 | | 9 Balance at end of year. Subtract line 8 from line 5 | |