

1998 Limited Liability Company Return of Income

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

Form sections A through G: Principal business activity name, Principal product or service, Principal business code, Check accounting method, DBA, Number and street, City or town, state and ZIP Code, Secretary of State (SOS) file number, and Check applicable box.

Form sections J through V: Questions regarding Schedules K-1, investment partnerships, apportioning income, distribution of property, IRS audit, control or ownership, foreign nonresident members, and other LLC requirements.

Table with 14 rows for tax calculations: Total income, LLC fee, 1998 annual LLC tax, Nonconsenting nonresident members' tax liability, Total tax and fee, Amount paid with form FTB 3537 and 1998 form FTB 3522, Overpayment from prior year, Total payments, Tax and fee due, Overpayment, Amount of line 10 to be credited, Amount to be refunded, Penalties and interest, Amount due.

Single Member LLC Information and Consent section: Sole Owner's Name, Street Address, City, State and ZIP Code, Consent statement, Signature, Date, Title, Federal TIN, SOS File No., Return filed with FTB by Owner options.

Declaration and Signature section: Declaration of preparer, Signature of officer, Title, Date, Telephone, Preparer's signature, Date, Check if self-employed, Preparer's SSN/FEIN, Firm's name (or yours, if self-employed) and address, FEIN, ZIP Code.

Schedule A Cost of Goods Sold

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2	Purchases less cost of items withdrawn for personal use	2	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 Schedule B, line 2	8	
9	a Check all methods used for valuing closing inventory:		
	<input type="checkbox"/> (1) Cost <input type="checkbox"/> (2) Lower of cost or market as described in Treas. Reg. Section 1.471-4 <input type="checkbox"/> (3) Writedown of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) <input type="checkbox"/> (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. <input type="checkbox"/>		
	c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC? <input type="checkbox"/> Yes <input type="checkbox"/> 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 <input type="checkbox"/> Yes <input type="checkbox"/> No		

Schedule B Income and Deductions

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 \$_____ 1b 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 LLCs, 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	Income (loss). Combine line 3 through line 7 ●	8	
Deductions	9	Salaries and wages (other than to members)	9	
	10	Guaranteed payments to members ●	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 3885L \$_____ b Less depreciation reported on Schedule A and elsewhere on return \$_____ 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	

Schedule T Nonconsenting Nonresident Members' Tax Liability

Member's name	Social security number or FEIN	Distributive share of income x tax rate	Member's tax due
		x	
		x	
		x	
		x	
		x	

Total the amount of tax due. Enter the total here and on Side 1, line 4 _____
 Attach additional sheets if necessary.

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

(a) Distributive share items		(b) Amount from federal Schedule K (1065)	(c) Adjustment	(d) Total amounts using California law
Income (Loss)	1 Ordinary income (loss) from trade or business activities (Side 2, 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		
	b Less expenses. Attach schedule.	3b		
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c		●
	4 Portfolio income (loss). See instructions:			
	a Interest income	4a		●
	b Dividend income.	4b		●
	c Royalty income	4c		●
	d Net capital gain (loss) (Schedule D (568))	4d		
	e Other portfolio income (loss). Attach schedule	4e		●
5 Guaranteed payments to members.	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			
Deduc- tions	8 Charitable contributions. See instructions. Attach schedule	8		
	9 Expense deduction for recovery property (R&TC Sections 17266, 17267.2 and 17268 and IRC Section 179). Attach schedule.	9		
	10 Deductions related to portfolio income	10		
	11 Other deductions. Attach schedule	11		
Invest- ment Interest	12 a Interest expense on investment debts.	12a		●
	b (1) Investment income included on lines 4a, 4b, 4c and 4e above. (2) Investment expenses included on line 10 above	12b(1) 12b(2)		
Credits	13 a (1) Withholding on LLC allocated to all members	13a(1)		
	b Low-income housing credit	13b		
	c Credit(s) other than credits shown on line 13b related to rental real estate activities. Attach schedule	13c		
	d Credit(s) related to other rental activities. See instructions. Attach schedule	13d		
	14 Other credits. See instructions. Attach schedule	14		●
14 a Total credits received. Add line 13b through line 14	14a			
Adjust- ments and Tax Prefer- ence Items	15 a Depreciation adjustment on property placed in service after 1986	15a		
	b Adjusted gain or loss	15b		
	c Depletion (other than oil and gas)	15c		
	d (1) Gross income from oil, gas and geothermal properties (2) Deductions allocable to oil, gas and geothermal properties	15d(1) 15d(2)		
	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		
	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 members. 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		●

b Analysis of members:

Members	(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization	(e) Nominee/ Other	(f) LLC
		i. Active	ii. Passive				

Schedule L Balance Sheets. See the instructions for Question R 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 Members' capital accounts				●
22 Total liabilities and capital				

Schedule M-1 Reconciliation of Income per Books With Income per Return. Use total amounts 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 \$ _____		8 Total of line 6 and line 7	
c Annual LLC tax \$ _____	●	9 Income (loss) (Schedule K, line 23a). Subtract line 8 from line 5	
5 Total of line 1 through line 4			

Schedule M-2 Analysis of Members' Capital Accounts. Use California amounts.

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	

Schedule O Amounts from Liquidation used to Capitalize a Limited Liability Company. (Complete only if initial return box is checked in Side 1, Question I.)

Name(s) of entity liquidated (if more than one, attach a schedule)

Type of entity: C Corporation S Corporation Partnership Limited Partnership Sole Proprietor Farmer
 Entity identification number(s) FEIN _____ SSN _____ Corporation _____ SOS _____

Amount of liquidation gains recognized to capitalize the LLC _____