

Letter of Transmittal

Bryan Diaz
800 N State College Blvd
Fullerton, CA 92831
November 8, 2021

Ryan Bogan
Partner
Bogan Engineering LLC
2501 La Cienega Boulevard, Suite 2100
Los Angeles, CA 90210.

Dear Mr. Ryan Bogan

I have completed your 2020 Federal Partnership Income Tax return. Your tax return will include different forms, such as 1065, 4562, 8949, and Schedule D. I will electronically file these returns with the Internal Revenue Service.

In addition, each of the shareholders, including yourself, will have their Schedule K-1 upon submission. Be sure to give each member their K-1 to file their tax returns.

It is worth noting that I did have to make a few assumptions throughout the return. If you have any questions or notice any errors from my judgment, don't hesitate to contact me through my phone number, (626) 375-7261, or by email bryan2010diaz@csu.fullerton.edu.

Sincerely,

Bryan Díaz

Bryan Diaz

Form **1065**Department of the Treasury
Internal Revenue Service**U.S. Return of Partnership Income**For calendar year 2020, or tax year beginning _____, 2020,
ending _____, 20__.▶ Go to www.irs.gov/Form1065 for instructions and the latest information.

OMB No. 1545-0123

2020**A** Principal business activity

237310

B Principal product or service

Service

C Business code number

541330

**Type
or
Print**Bogan Engineering LLC
501 La Cienega Boulevard, Suite 2100
Los Angeles, CA 90210**D** Employer identification no.

55-5555556

E Date business started

1/01/2007

F Total assets (see instructions)

\$ 3,301,200.

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶

4

J Check if Schedules C and M-3 are attached ▶☐**K** Check if partnership: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes**Caution:** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

I N C O M E	1 a Gross receipts or sales	1 a	6,500,000.	
	b Returns and allowances	1 b		
	c Balance. Subtract line 1b from line 1a	1 c		6,500,000.
	2 Cost of goods sold (attach Form 1125-A)	2		
	3 Gross profit. Subtract line 2 from line 1c	3		6,500,000.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	4		
	5 Net farm profit (loss) (attach Schedule F (Form 1040))	5		
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6		
S E E I N S T R U C T I O N S D E D U C T I O N S I N I T I A T I O N S	7 Other income (loss) (attach statement)	7		
	8 Total income (loss). Combine lines 3 through 7.	8		6,500,000.
	9 Salaries and wages (other than to partners) (less employment credits)	9		750,000.
	10 Guaranteed payments to partners	10		2,500,000.
	11 Repairs and maintenance	11		25,000.
	12 Bad debts	12		
	13 Rent	13		175,000.
	14 Taxes and licenses	14		100,000.
	15 Interest (see instructions)	15		100,000.
	16a Depreciation (if required, attach Form 4562)	16a		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b		
16c				
17 Depletion (Do not deduct oil and gas depletion.)	17			
18 Retirement plans, etc.	18			
19 Employee benefit programs	19			
20 Other deductions (att stmt) See Statement 1	20		1,313,300.	
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21		4,963,300.	
22 Ordinary business income (loss). Subtract line 21 from line 8	22		1,536,700.	
T A X A N D P A Y M E N T	23 Interest due under the look-back method — completed long-term contracts (attach Form 8697)	23		
	24 Interest due under the look-back method — income forecast method (attach Form 8866)	24		
	25 BBA AAR imputed underpayment (see instructions)	25		
	26 Other taxes (see instructions)	26		
	27 Total balance due. Add lines 23 through 26	27		
	28 Payment (see instructions)	28		
	29 Amount owed. If line 28 is smaller than line 27, enter amount owed	29		
	30 Overpayment. If line 28 is larger than line 27, enter overpayment	30		

**Sign
Here**

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

Signature of partner or limited liability company member

Date

May the IRS discuss this return
with the preparer shown below?
See instructions.☒ Yes ☐ No**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ▶

CSU Fullerton

Firm's EIN ▶

Firm's address ▶

800 N State College Blvd

Fullerton, CA 92831

Phone no.

626-375-7261

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:				Yes	No
a <input type="checkbox"/> Domestic general partnership	b <input type="checkbox"/> Domestic limited partnership				
c <input checked="" type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership				
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ▶				
2 At the end of the tax year:					
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership					X
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership				X	
3 At the end of the tax year, did the partnership:					
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.					X
(i) Name of Corporation		(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock	
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below.					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
4 Does the partnership satisfy all four of the following conditions?				Yes	No
a The partnership's total receipts for the tax year were less than \$250,000.					
b The partnership's total assets at the end of the tax year were less than \$1 million.					
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.					
d The partnership is not filing and is not required to file Schedule M-3					X
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item L on Schedule K-1.					
5 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?					X
6 During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?					X
7 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?					X
8 At any time during calendar year 2020, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶					X
9 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions					X
10a Is the partnership making, or had it previously made (and not revoked), a section 754 election?					X
See instructions for details regarding a section 754 election.					
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions					X

Schedule B Other Information (continued)

	Yes	No
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
11 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) ▶ <input type="checkbox"/>		
12 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
13 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), enter the number of Forms 8858 attached. See instructions ▶		
14 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
15 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
16a Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions.		X
b If "Yes," did you or will you file required Form(s) 1099?		
17 Enter the number of Forms 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
18 Enter the number of partners that are foreign governments under section 892. ▶ 0		
19 During the partnership's tax year, did the partnership make any payments that would require it to file Form 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)?		X
20 Was the partnership a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938.		X
21 Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)?		X
22 During the tax year, did the partnership pay or accrue any interest or royalty for which one or more partners are not allowed a deduction under section 267A? See instructions.		X
If "Yes," enter the total amount of the disallowed deductions ▶ \$		
23 Did the partnership have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions.		X
24 Does the partnership satisfy one or more of the following? See instructions.		X
a The partnership owns a pass-through entity with current, or prior-year carryover, excess business interest expense.		
b The partnership's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the partnership has business interest.		
c The partnership is a tax shelter (see instructions) and the partnership has business interest expense. If "Yes" to any, complete and attach Form 8990.		
25 Is the partnership electing out of the centralized partnership audit regime under section 6221(b)? See instructions. If "Yes," the partnership must complete Schedule B-2 (Form 1065). Enter the total from Schedule B-2, Part III, line 3 ▶		X
If "No," complete Designation of Partnership Representative below.		

Designation of Partnership Representative (see instructions)

Enter below the information for the partnership representative (PR) for the tax year covered by this return.

Name of PR ▶U.S. address of PR ▶U.S. phone
number of PR ▶If the PR is an entity, name of the designated individual for the PR ▶U.S. address of
designated
individual ▶U.S. phone
number of
designated
individual ▶

26 Is the partnership attaching Form 8996 to certify as a Qualified Opportunity Fund? If "Yes," enter the amount from Form 8996, line 16 ▶ \$		X
27 Enter the number of foreign partners subject to section 864(c)(8) as a result of transferring all or a portion of an interest in the partnership or of receiving a distribution from the partnership. ▶		
28 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		X
29 Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties constituting a trade or business of your partnership, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the partners held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions. Percentage: By Vote By Value		X

BAA

Form 1065 (2020)

Schedule K Partners' Distributive Share Items

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22).....	1 1,536,700.
	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 stmt)..... 3b	
	c Other net rental income (loss). Subtract line 3b from line 3a.....	3c
	4 Guaranteed payments: a Services 4a 2,500,000. b Capital 4b	
	c Total. Add lines 4a and 4b.....	4c 2,500,000.
	5 Interest income.....	5 5,000.
	6 Dividends and dividend equivalents: a Ordinary dividends.....	6a 65,000.
	b Qualified dividends 6b 15,000. c Dividend equivalents 6c	
	7 Royalties.....	7
8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)).....	8 -25,000.	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)).....	9a 10,500.	
b Collectibles (28%) gain (loss)..... 9b		
c Unrecaptured section 1250 gain (attach statement)..... 9c		
10 Net section 1231 gain (loss) (attach Form 4797).....	10	
11 Other income (loss) (see instructions) Type ▶	11	
Deductions	12 Section 179 deduction (attach Form 4562).....	12 90,000.
	13a Contributions..... See Statement 2	13a 86,000.
	b Investment interest expense.....	13b
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)
d Other deductions (see instructions) Type ▶	13d	
Self-Employment	14a Net earnings (loss) from self-employment.....	14a 4,036,700.
	b Gross farming or fishing income.....	14b
	c Gross nonfarm income.....	14c
Credits	15a Low-income housing credit (section 42(j)(5)).....	15a
	b Low-income housing credit (other).....	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable).....	15c
	d Other rental real estate credits (see instructions) Type ▶	15d
	e Other rental credits (see instructions)..... Type ▶	15e
	f Other credits (see instructions)..... Type ▶	15f
Foreign Transactions	16a Name of country or U.S. possession.....	16b
	b Gross income from all sources.....	16c
	c Gross income sourced at partner level.....	
	d Reserved for future use ▶ e Foreign branch category ▶	16e
	f Passive category ▶ g General category ▶ h Other (att. stmt.) ▶	16h
	Deductions allocated and apportioned at partner level.....	
	i Interest expense ▶ j Other..... ▶	16j
	Deductions allocated and apportioned at partnership level to foreign source income.....	
	k Reserved for future use ▶ l Foreign branch category ▶	16l
	m Passive category ▶ n General category ▶ o Other (att. stmt.) ▶	16o
	p Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16p
	q Reduction in taxes available for credit (attach statement).....	16q
	r Other foreign tax information (attach statement).....	
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment.....	17a
	b Adjusted gain or loss.....	17b
	c Depletion (other than oil and gas).....	17c
	d Oil, gas, and geothermal properties — gross income.....	17d
	e Oil, gas, and geothermal properties — deductions.....	17e
	f Other AMT items (attach stmt).....	17f
Other Information	18a Tax-exempt interest income.....	18a 25,000.
	b Other tax-exempt income.....	18b
	c Nondeductible expenses.....	18c 325,000.
	19a Distributions of cash and marketable securities.....	19a 800,000.
	b Distributions of other property.....	19b
	20a Investment income.....	20a 70,000.
b Investment expenses.....	20b	
c Other items and amounts (attach stmt)..... See Statement 3		

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16p.						1	3,916,200.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other	
a General partners.							
b Limited partners.		3,916,200.					

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash.			2,500,000.		2,051,200.
2a 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 stmt) See St 4			500,000.		1,250,000.
7a Loans to partners (or persons related to partners).					
b Mortgage and real estate loans.					
8 Other investments (attach stmt).					
9a Buildings and other depreciable assets.	960,000.			1,050,000.	
b Less accumulated depreciation.	960,000.			1,050,000.	
10a Depletable assets.					
b Less accumulated depletion.					
11 Land (net of any amortization).					
12a Intangible assets (amortizable only).					
b Less accumulated amortization.					
13 Other assets (attach stmt).					
14 Total assets.			3,000,000.		3,301,200.
Liabilities and Capital					
15 Accounts payable.			1,000,000.		1,000,000.
16 Mortgages, notes, bonds payable in less than 1 year.					
17 Other current liabilities (attach stmt).					
18 All nonrecourse loans.					
19a Loans from partners (or persons related to partners).			1,000,000.		1,000,000.
b Mortgages, notes, bonds payable in 1 year or more.					
20 Other liabilities (attach stmt).					
21 Partners' capital accounts.			1,000,000.		1,301,200.
22 Total liabilities and capital.			3,000,000.		3,301,200.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The partnership may be required to file Schedule M-3. See instructions.

1 Net income (loss) per books.	1,101,200.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest .. \$	25,000.
3 Guaranteed payments (other than health insurance).	2,500,000.	7 Deductions included on Schedule K, lines 1 through 13d, and 16p, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16p (itemize):		a Depreciation .. \$	
a Depreciation .. \$		8 Add lines 6 and 7.	25,000.
b Travel and entertainment .. \$	325,000.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5.	3,916,200.
Statement 5	15,000.		
5 Add lines 1 through 4.	3,941,200.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year.	1,000,000.	6 Distributions: a Cash.	800,000.
2 Capital contributed: a Cash.		b Property.	
b Property.		7 Other decreases (itemize):	
3 Net income (loss) per books.	1,101,200.	8 Add lines 6 and 7.	800,000.
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5.	1,301,200.
5 Add lines 1 through 4.	2,101,200.		

**SCHEDULE B-1
(Form 1065)**(Rev. August 2019)
Department of the Treasury
Internal Revenue Service**Information on Partners Owning 50% or
More of the Partnership**

► Attach to Form 1065.

► Go to www.irs.gov/Form1065 for the latest information.

OMB No. 1545-0123

Name of partnership

Bogan Engineering LLC

Employer identification number (EIN)

55-5555556**Part I****Entities Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 2a (Question 3a for 2009 through 2017))

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

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

Part II**Individuals or Estates Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 2b (Question 3b for 2009 through 2017))

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
<u>Ryan Bogan</u>	<u>***-**-****</u>	<u>United States</u>	<u>62.500</u>

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

Schedule B-1 (Form 1065) (Rev. 8-2019)

SCHEDULE D
(Form 1065)Department of the Treasury
Internal Revenue Service**Capital Gains and Losses**

► Attach to Form 1065 or Form 8865.

► Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

► Go to **www.irs.gov/Form1065** for instructions and the latest information.

OMB No. 1545-0123

2020

Name of partnership

Bogan Engineering LLC

Employer identification number

55-5555556

Did the partnership dispose of any investment(s) in a qualified opportunity fund during the tax year? ☐ Yes ☒ No
If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.**Part I Short-Term Capital Gains and Losses — Generally Assets Held One Year or Less** (see instructions)

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

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

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b.....				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked.....				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked.....				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked.....	75,000.	100,000.		-25,000.
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37.....				
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824.....				
6 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts.....				
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). Enter here and on Form 1065, Schedule K, line 8 or 11; or Form 8865, Schedule K, line 8 or 11.....				-25,000.

Part II Long-Term Capital Gains and Losses — Generally Assets Held More Than One Year (see instructions)

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

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

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b.....				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked.....				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked.....				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked.....	195,500.	189,000.		6,500.
11 Long-term capital gain from installment sales from Form 6252, line 26 or 37.....				
12 Long-term capital gain or (loss) from like-kind exchanges from Form 8824.....				
13 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts.....				
14 Capital gain distributions (see instructions).....				4,000.
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Enter here and on Form 1065, Schedule K, line 9a or 11; or Form 8865, Schedule K, line 9a or 11.....				10,500.

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

Schedule D (Form 1065) 2020

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

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

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
55-5555556B Partnership's name, address, city, state, and ZIP code
Bogan Engineering LLC
501 La Cienega Boulevard, Suite 2100
Los Angeles, CA 90210

C IRS Center where partnership filed return e-file

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

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
-**-*

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

Ryan Bogan
1360 W 29th St
Los Angeles, CA 90007G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC memberH1 ☒ Domestic partner ☐ Foreign partnerH2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

I1 What type of entity is this partner? Individual

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

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

	Beginning	Ending
Profit	25 %	25 %
Loss	62.5 %	62.5 %
Capital	25 %	25 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$ 1,250,000.	\$ 1,250,000.

☐ Check this box if Item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account	\$ 250,000.
Capital contributed during the year	\$
Current year net income (loss)	\$ 265,925.
Other increase (decrease) (attach explanation)	\$
Withdrawals & distributions	\$ (200,000.)
Ending capital account	\$ 315,925.

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1☐ Amended K-1651119
OMB No. 1545-0123

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

1	Ordinary business income (loss)	15	Credits
	384,175.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
	625,000.		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
	625,000.		
5	Interest income		
	1,250.		
6a	Ordinary dividends		
	16,250.		
6b	Qualified dividends		
	3,750.		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
7	Royalties		
8	Net short-term capital gain (loss)		
	-15,625.		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
	2,625.		
9b	Collectibles (28%) gain (loss)	A	6,250.
9c	Unrecaptured section 1250 gain	C	81,250.
10	Net section 1231 gain (loss)		
11	Other income (loss)	19	Distributions
		A	200,000.
12	Section 179 deduction	20	Other information
	22,500.	A	17,500.
13	Other deductions	AG	1,651,375.
A	21,500.	Z*	STMT
14	Self-employment earnings (loss)		
A	1,009,175.		

21 ☐ More than one activity for at-risk purposes*22 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Statement A—QBI Pass-through Entity Reporting (Schedule K-1, Box 20, Code Z)

Partnership's name: Bogan Engineering LLC		Partnership's EIN: 55-5555556	
Partner's name: Ryan Bogan		Partner's identifying number: ***-**-****	

	Bogan Engineering LLC		
Partner's share of:	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)	384,175.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction	22,500.	
	Other deductions		
W-2 wages		187,500.	
UBIA of qualified property		22,500.	
Section 199A dividends			

Partner's share of:	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			

2020 PARTNER'S SHARE OF INVESTMENT IN PASSTHROUGH ENTITIES

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's Name	Partner's identification number
Ryan Bogan	***-**-****

Name of Passthrough Entity	Employer Identification No.	Type of Entity	Final K-1
A Ryan Bogan	55-5555556	Passive	
B Oscar Young	55-5555556	Passive	
C Clark Coleman	55-5555556	Passive	
D Kim Hoffman	55-5555556	Passive	

		Passthrough Entities			
		A	B	C	D
Income (Loss)	Ordinary business income (loss)				
	Net rental real estate income (loss)				
	Other net rental income (loss)				
	Guaranteed payments				
	Interest				
	Ordinary dividends				
	Qualified dividends				
	Dividend equivalents				
	Royalties				
	Net short-term capital gain (loss)				
	Net long-term capital gain (loss)				
	Collectibles (28%) gain (loss)				
	Unrecaptured section 1250 gain				
	Net section 1231 gain (loss)				
	Other income (loss)				
Deductions	Section 179 deduction				
	Charitable contributions				
	Investment interest expense				
	Section 59(e)(2) expense: Intangible Drilling costs				
	Section 59(e)(2) expense: Dry Hole expense				
	Other section 59(e)(2) expenses				
	Excess business interest expenses				
Self-Employment	Other deductions				
	Net earnings (loss) from self-employment				
	Gross farming or fishing income				
Credits	Gross nonfarm income				
	Low-income housing credit:				
	(A) Section 42(j)(5): Pre-2008				
	(B) Other: Pre-2008				
	(C) Section 42(j)(5): Post-2007				
	(D) Other: Post-2007				
	Qualified rehabilitation expenditures related to rental real estate act.				
	Other rental real estate credits				
	Other rental credits				
	Work opportunity credit				
	Biofuel producer credit				
	Disabled access credit				
	Empowerment zone employment credit				
	Credit for increasing research activities				
	Credit for employer Soc. Sec. tax paid on certain employee tips				
	Orphan drug credit				
	Enhanced oil recovery credit				
	Indian employment credit				
	Small employer pension plan startup costs credit				
	Credit for employer-provided childcare				
	Alternative motor vehicle credit				
	Other credits				

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's identification number

-**-*

[illegible]

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

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

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
55-5555556B Partnership's name, address, city, state, and ZIP code
Bogan Engineering LLC
501 La Cienega Boulevard, Suite 2100
Los Angeles, CA 90210

C IRS Center where partnership filed return e-file

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

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
-**-*

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

Oscar Young
5820 S Kings Rd
Los Angeles, CA 90056G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC memberH1 ☒ Domestic partner ☐ Foreign partnerH2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

I1 What type of entity is this partner? Individual

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

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

	Beginning	Ending
Profit	25 %	25 %
Loss	12.5 %	12.5 %
Capital	25 %	25 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$ 250,000.	\$ 250,000.

☐ Check this box if Item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account	\$ 250,000.
Capital contributed during the year	\$
Current year net income (loss)	\$ 278,425.
Other increase (decrease) (attach explanation)	\$
Withdrawals & distributions	\$ (200,000.)
Ending capital account	\$ 328,425.

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1☐ Amended K-1

651119

OMB No. 1545-0123

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

1	Ordinary business income (loss)	15	Credits
	384,175.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
	625,000.		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
	625,000.		
5	Interest income		
	1,250.		
6a	Ordinary dividends		
	16,250.		
6b	Qualified dividends		
	3,750.		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
7	Royalties		
8	Net short-term capital gain (loss)		
	-3,125.		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
	2,625.		
9b	Collectibles (28%) gain (loss)	A	6,250.
9c	Unrecaptured section 1250 gain	C	81,250.
10	Net section 1231 gain (loss)		
11	Other income (loss)	A	200,000.
12	Section 179 deduction	20	Other information
	22,500.	A	17,500.
13	Other deductions	AG	1,651,375.
A	21,500.	Z*	STMT
14	Self-employment earnings (loss)		
A	1,009,175.		
21	<input type="checkbox"/> More than one activity for at-risk purposes*		
22	<input type="checkbox"/> More than one activity for passive activity purposes*		

For IRS Use Only

*See attached statement for additional information.

Statement A—QBI Pass-through Entity Reporting (Schedule K-1, Box 20, Code Z)

Partnership's name: Bogan Engineering LLC		Partnership's EIN: 55-5555556	
Partner's name: Oscar Young		Partner's identifying number: ***-**-****	

	Bogan Engineering LLC		
	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

Partner's share of:

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)	384,175.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction	22,500.	
	Other deductions		
W-2 wages		187,500.	
UBIA of qualified property		22,500.	
Section 199A dividends			

	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

Partner's share of:

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			

2020 PARTNER'S SHARE OF INVESTMENT IN PASSTHROUGH ENTITIES

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's Name	Partner's identification number
Oscar Young	***-**-****

Name of Passthrough Entity	Employer Identification No.	Type of Entity	Final K-1
A Ryan Bogan	55-5555556	Passive	
B Oscar Young	55-5555556	Passive	
C Clark Coleman	55-5555556	Passive	
D Kim Hoffman	55-5555556	Passive	

		Passthrough Entities			
		A	B	C	D
Income (Loss)	Ordinary business income (loss)				
	Net rental real estate income (loss)				
	Other net rental income (loss)				
	Guaranteed payments				
	Interest				
	Ordinary dividends				
	Qualified dividends				
	Dividend equivalents				
	Royalties				
	Net short-term capital gain (loss)				
	Net long-term capital gain (loss)				
	Collectibles (28%) gain (loss)				
	Unrecaptured section 1250 gain				
	Net section 1231 gain (loss)				
	Other income (loss)				
Deductions	Section 179 deduction				
	Charitable contributions				
	Investment interest expense				
	Section 59(e)(2) expense: Intangible Drilling costs				
	Section 59(e)(2) expense: Dry Hole expense				
	Other section 59(e)(2) expenses				
	Excess business interest expenses				
Self-Employment	Other deductions				
	Net earnings (loss) from self-employment				
	Gross farming or fishing income				
Credits	Gross nonfarm income				
	Low-income housing credit:				
	(A) Section 42(j)(5): Pre-2008				
	(B) Other: Pre-2008				
	(C) Section 42(j)(5): Post-2007				
	(D) Other: Post-2007				
	Qualified rehabilitation expenditures related to rental real estate act.				
	Other rental real estate credits				
	Other rental credits				
	Work opportunity credit				
	Biofuel producer credit				
	Disabled access credit				
	Empowerment zone employment credit				
	Credit for increasing research activities				
	Credit for employer Soc. Sec. tax paid on certain employee tips				
	Orphan drug credit				
	Enhanced oil recovery credit				
	Indian employment credit				
	Small employer pension plan startup costs credit				
	Credit for employer-provided childcare				
	Alternative motor vehicle credit				
	Other credits				

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's identification number

-**-*

[illegible]

PTPL1103L 03/04/21

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

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

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
55-5555556B Partnership's name, address, city, state, and ZIP code
Bogan Engineering LLC
501 La Cienega Boulevard, Suite 2100
Los Angeles, CA 90210

C IRS Center where partnership filed return e-file

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

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
-**-*

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

Clark Coleman
708 N Dillon St
Los Angeles, CA 90026G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC memberH1 ☒ Domestic partner ☐ Foreign partnerH2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

I1 What type of entity is this partner? Individual

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

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

	Beginning	Ending
Profit	25 %	25 %
Loss	12.5 %	12.5 %
Capital	25 %	25 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$ 250,000.	\$ 250,000.

☐ Check this box if Item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account	\$ 250,000.
Capital contributed during the year	\$
Current year net income (loss)	\$ 278,425.
Other increase (decrease) (attach explanation)	\$
Withdrawals & distributions	\$ (200,000.)
Ending capital account	\$ 328,425.

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1☐ Amended K-1

651119

OMB No. 1545-0123

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

1	Ordinary business income (loss)	15	Credits
	384,175.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
	625,000.		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
	625,000.		
5	Interest income		
	1,250.		
6a	Ordinary dividends		
	16,250.		
6b	Qualified dividends		
	3,750.		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
7	Royalties		
8	Net short-term capital gain (loss)		
	-3,125.		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
	2,625.		
9b	Collectibles (28%) gain (loss)	A	6,250.
9c	Unrecaptured section 1250 gain	C	81,250.
10	Net section 1231 gain (loss)		
11	Other income (loss)	A	200,000.
12	Section 179 deduction	20	Other information
	22,500.	A	17,500.
13	Other deductions	AG	1,651,375.
A	21,500.	Z*	STMT
14	Self-employment earnings (loss)		
A	1,009,175.		

21 ☐ More than one activity for at-risk purposes*22 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Statement A—QBI Pass-through Entity Reporting (Schedule K-1, Box 20, Code Z)

Partnership's name: Bogan Engineering LLC		Partnership's EIN: 55-5555556	
Partner's name: Clark Coleman		Partner's identifying number: ***-**-****	

	Bogan Engineering LLC		
Partner's share of:	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)	384,175.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction	22,500.	
	Other deductions		
W-2 wages		187,500.	
UBIA of qualified property		22,500.	
Section 199A dividends			

Partner's share of:	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			

2020 PARTNER'S SHARE OF INVESTMENT IN PASSTHROUGH ENTITIES

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's Name	Partner's identification number
Clark Coleman	***-**-****

Name of Passthrough Entity	Employer Identification No.	Type of Entity	Final K-1
A Ryan Bogan	55-5555556	Passive	
B Oscar Young	55-5555556	Passive	
C Clark Coleman	55-5555556	Passive	
D Kim Hoffman	55-5555556	Passive	

		Passthrough Entities			
		A	B	C	D
Income (Loss)	Ordinary business income (loss)				
	Net rental real estate income (loss)				
	Other net rental income (loss)				
	Guaranteed payments				
	Interest				
	Ordinary dividends				
	Qualified dividends				
	Dividend equivalents				
	Royalties				
	Net short-term capital gain (loss)				
	Net long-term capital gain (loss)				
	Collectibles (28%) gain (loss)				
	Unrecaptured section 1250 gain				
	Net section 1231 gain (loss)				
	Other income (loss)				
Deductions	Section 179 deduction				
	Charitable contributions				
	Investment interest expense				
	Section 59(e)(2) expense: Intangible Drilling costs				
	Section 59(e)(2) expense: Dry Hole expense				
	Other section 59(e)(2) expenses				
	Excess business interest expenses				
Self-Employment	Other deductions				
	Net earnings (loss) from self-employment				
	Gross farming or fishing income				
Credits	Gross nonfarm income				
	Low-income housing credit:				
	(A) Section 42(j)(5): Pre-2008				
	(B) Other: Pre-2008				
	(C) Section 42(j)(5): Post-2007				
	(D) Other: Post-2007				
	Qualified rehabilitation expenditures related to rental real estate act.				
	Other rental real estate credits				
	Other rental credits				
	Work opportunity credit				
	Biofuel producer credit				
	Disabled access credit				
	Empowerment zone employment credit				
	Credit for increasing research activities				
	Credit for employer Soc. Sec. tax paid on certain employee tips				
	Orphan drug credit				
	Enhanced oil recovery credit				
	Indian employment credit				
	Small employer pension plan startup costs credit				
	Credit for employer-provided childcare				
	Alternative motor vehicle credit				
	Other credits				

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's identification number

-**-*

[illegible]

PTPL1103L 03/04/21

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2020

For calendar year 2020, or tax year

beginning / / 2020 ending / /

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

See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
55-5555556B Partnership's name, address, city, state, and ZIP code
Bogan Engineering LLC
501 La Cienega Boulevard, Suite 2100
Los Angeles, CA 90210

C IRS Center where partnership filed return e-file

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

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
-**-*

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

Kim Hoffman
162 S Arden Blvd
Los Angeles, CA 90004G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC memberH1 ☒ Domestic partner ☐ Foreign partnerH2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

I1 What type of entity is this partner? Individual

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

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

	Beginning	Ending
Profit	25 %	25 %
Loss	12.5 %	12.5 %
Capital	25 %	25 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$ 250,000.	\$ 250,000.

☐ Check this box if Item K includes liability amounts from lower tier partnerships.

L Partner's Capital Account Analysis

Beginning capital account	\$ 250,000.
Capital contributed during the year	\$
Current year net income (loss)	\$ 278,425.
Other increase (decrease) (attach explanation)	\$
Withdrawals & distributions	\$ (200,000.)
Ending capital account	\$ 328,425.

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning	\$
Ending	\$

☐ Final K-1☐ Amended K-1

651119

OMB No. 1545-0123

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

1	Ordinary business income (loss)	15	Credits
	384,175.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
	625,000.		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
	625,000.		
5	Interest income		
	1,250.		
6a	Ordinary dividends		
	16,250.		
6b	Qualified dividends		
	3,750.		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
7	Royalties		
8	Net short-term capital gain (loss)		
	-3,125.		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
	2,625.		
9b	Collectibles (28%) gain (loss)	A	6,250.
9c	Unrecaptured section 1250 gain	C	81,250.
10	Net section 1231 gain (loss)		
11	Other income (loss)	A	200,000.
12	Section 179 deduction	20	Other information
	22,500.	A	17,500.
13	Other deductions	AG	1,651,375.
A	21,500.	Z*	STMT
14	Self-employment earnings (loss)		
A	1,009,175.		

21 ☐ More than one activity for at-risk purposes*22 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

Statement A—QBI Pass-through Entity Reporting (Schedule K-1, Box 20, Code Z)

Partnership's name: Bogan Engineering LLC		Partnership's EIN: 55-5555556	
Partner's name: Kim Hoffman		Partner's identifying number: ***-**-****	

	Bogan Engineering LLC		
Partner's share of:	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)	384,175.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction	22,500.	
	Other deductions		
W-2 wages		187,500.	
UBIA of qualified property		22,500.	
Section 199A dividends			

Partner's share of:	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP	<input type="checkbox"/> PTP
	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated	<input type="checkbox"/> Aggregated
	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB	<input type="checkbox"/> SSTB

QBI or qualified PTP items subject to partner-specific determinations:

	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			

2020 PARTNER'S SHARE OF INVESTMENT IN PASSTHROUGH ENTITIES

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's Name	Partner's identification number
Kim Hoffman	***-**-****

Name of Passthrough Entity	Employer Identification No.	Type of Entity	Final K-1
A Ryan Bogan	55-5555556	Passive	
B Oscar Young	55-5555556	Passive	
C Clark Coleman	55-5555556	Passive	
D Kim Hoffman	55-5555556	Passive	

		Passthrough Entities			
		A	B	C	D
Income (Loss)	Ordinary business income (loss)				
	Net rental real estate income (loss)				
	Other net rental income (loss)				
	Guaranteed payments				
	Interest				
	Ordinary dividends				
	Qualified dividends				
	Dividend equivalents				
	Royalties				
	Net short-term capital gain (loss)				
	Net long-term capital gain (loss)				
	Collectibles (28%) gain (loss)				
	Unrecaptured section 1250 gain				
	Net section 1231 gain (loss)				
	Other income (loss)				
Deductions	Section 179 deduction				
	Charitable contributions				
	Investment interest expense				
	Section 59(e)(2) expense: Intangible Drilling costs				
	Section 59(e)(2) expense: Dry Hole expense				
	Other section 59(e)(2) expenses				
	Excess business interest expenses				
Self-Employment	Other deductions				
	Net earnings (loss) from self-employment				
	Gross farming or fishing income				
Credits	Gross nonfarm income				
	Low-income housing credit:				
	(A) Section 42(j)(5): Pre-2008				
	(B) Other: Pre-2008				
	(C) Section 42(j)(5): Post-2007				
	(D) Other: Post-2007				
	Qualified rehabilitation expenditures related to rental real estate act.				
	Other rental real estate credits				
	Other rental credits				
	Work opportunity credit				
	Biofuel producer credit				
	Disabled access credit				
	Empowerment zone employment credit				
	Credit for increasing research activities				
	Credit for employer Soc. Sec. tax paid on certain employee tips				
	Orphan drug credit				
	Enhanced oil recovery credit				
	Indian employment credit				
	Small employer pension plan startup costs credit				
	Credit for employer-provided childcare				
	Alternative motor vehicle credit				
	Other credits				

Note: The amounts on this schedule are provided for informational purposes only. These amounts are already included on Schedule K-1.

Partner's identification number

-**-*

[illegible]

PTPL1103L 03/04/21

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

OMB No. 1545-0172

2020Attachment
Sequence No. **179**

Name(s) shown on return

Bogan Engineering LLC

Business or activity to which this form relates

Form 1065, Schedule K

Identifying number

55-5555556

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	1,040,000.
2	Total cost of section 179 property placed in service (see instructions)	2	90,000.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,590,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
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	1,040,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	7-Year Office furniture	90,000.	90,000.
7	Listed property. Enter the amount from line 29	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	90,000.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	90,000.
10	Carryover of disallowed deduction from line 13 of your 2019 Form 4562	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instrs. .	11	1,040,000.
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	90,000.
13	Carryover of disallowed deduction to 2021. Add lines 9 and 10, less line 12. ▶	13	0.

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)**

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

Part III MACRS Depreciation (Don't include listed property. See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2020	17	
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 2020 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
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2020 Tax Year Using the Alternative Depreciation System

20 a Class life					S/L	
b 12-year			12 yrs		S/L	
c 30-year			30 yrs	MM	S/L	
d 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

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

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDI0812L 07/07/20

Form **4562** (2020)

Name(s) shown on return

Sales and Other Dispositions of Capital Assets

- Go to www.irs.gov/Form8949 for instructions and the latest information.
► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

OMB No. 1545-0074

2020Attachment
Sequence No. **12A**

Bogan Engineering LLC

SSN or taxpayer identification number

55-5555556

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

Part I **Short-Term.** Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☐ (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
☐ (B) Short-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
☒ (C) Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	1000 Fountain, Inc. Stock	6/15/20	12/15/20	75,000.	100,000.			-25,000.
2 Totals.	Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked).				75,000.	100,000.	0.	-25,000.

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

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

SSN or taxpayer identification number

Bogan Engineering LLC

55-5555556

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

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

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

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

☐ **(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)

☐ **(E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS

☒ **(F)** Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	2000 Young Machinery, Inc. Stock	3/15/19	12/15/20	195,500.	189,000.			6,500.
2 Totals.	Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked).			195,500.	189,000.		0.	6,500.

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

Bogan Engineering LLC

55-5555556

Statement 1
Form 1065, Line 20
Other Deductions

Accounting.....	\$	82,000.
Advertising.....		450,000.
Insurance.....		52,000.
Legal and Professional.....		50,000.
Meals.....		125,000.
Office Expense.....		200,000.
Travel.....		300,000.
Utilities.....		54,300.
Total	\$	<u>1,313,300.</u>

Statement 2
Form 1065, Schedule K, Line 13a
Charitable Contributions

Cash Contributions - 60% Limitation.....	\$	86,000.
Total	\$	<u>86,000.</u>

Statement 3
Form 1065, Schedule K, Line 20c
Other Reportable Items

Gross Receipts for Section 448(c).....	\$	6,605,500.
--	----	------------

Statement 4
Form 1065, Schedule L, Line 6
Other Current Assets

	<u>Beginning</u>	<u>Ending</u>
Marketable Securities.....	\$ 500,000.	\$ 1,250,000.
Total	<u>\$ 500,000.</u>	<u>\$ 1,250,000.</u>

Statement 5
Form 1065, Schedule M-1, Line 4
Expenses on Books Not on Schedule K

Political Contribution.....	\$	15,000.
Total	\$	<u>15,000.</u>

- ▶ **ERO must obtain and retain completed Form 8879-PE.**
- ▶ **Go to www.irs.gov/Form8879PE for the latest information.**

2020Department of the Treasury
Internal Revenue Service

For calendar year 2020, or tax year beginning , 2020, and ending ,

Name of partnership

Bogan Engineering LLC

Employer identification number

55-5555556

Part I Tax Return Information (Whole dollars only)

1	Gross receipts or sales less returns and allowances (Form 1065, line 1c).....	1	6,500,000.
2	Gross profit (Form 1065, line 3).....	2	6,500,000.
3	Ordinary business income (loss) (Form 1065, line 22).....	3	1,536,700.
4	Net rental real estate income (loss) (Form 1065, Schedule K, line 2).....	4	
5	Other net rental income (loss) (Form 1065, Schedule K, line 3c).....	5	

Part II Declaration and Signature Authorization of Partner or Member
(Be sure to get a copy of the partnership's return.)

Under penalties of perjury, I declare that I am a partner or member of the above partnership and that I have examined a copy of the partnership's 2020 electronic return of partnership income 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 partnership's electronic return of partnership income. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission and (b) the reason for any delay in processing the return. I have selected a personal identification number (PIN) as my signature for the partnership's electronic return of partnership income.

Partner's or Member's PIN: check one box only

☒ I authorize CSU Fullerton to enter my PIN 23435 as my signature on the
partnership's 2020 electronically filed return of partnership income.
ERO firm name Don't enter all zeros

☐ As a partner or member of the partnership, I will enter my PIN as my signature on the partnership's 2020 electronically filed return of partnership income.

Partner's or member's signature ▶

Title ▶ Bryan Diaz

Date ▶

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN.

Don't enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2020 electronically filed return of partnership income for the partnership 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 ▶ Bryan Diaz

Date ▶

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

BAA For Paperwork Reduction Act Notice, see instructions.

Form **8879-PE** (2020)

Bogan Engineering LLC

55-5555556

	2020	2019	Diff
TRADE OR BUSINESS INCOME			
Gross receipts less returns.....	6,500,000	0	6,500,000
Gross profit.....	6,500,000	0	6,500,000
Total income (loss).....	6,500,000	0	6,500,000
TRADE OR BUSINESS DEDUCTIONS			
Salaries and wages (less emp. credits)...	750,000	0	750,000
Guaranteed payments to partners.....	2,500,000	0	2,500,000
Repairs and maintenance.....	25,000	0	25,000
Rent.....	175,000	0	175,000
Taxes and licenses.....	100,000	0	100,000
Interest.....	100,000	0	100,000
Other deductions.....	1,313,300	0	1,313,300
Total deductions.....	4,963,300	0	4,963,300
SCHEDULE K - INCOME			
Ordinary business income (loss).....	1,536,700	0	1,536,700
Guaranteed payments.....	2,500,000	0	2,500,000
Interest income.....	5,000	0	5,000
Ordinary dividends.....	65,000	0	65,000
Net short-term capital gain (loss).....	-25,000	0	-25,000
Net long-term capital gain (loss).....	10,500	0	10,500
SCHEDULE K - DEDUCTIONS			
Section 179 deduction.....	90,000	0	90,000
Charitable contributions.....	86,000	86,000	0
SCHEDULE K - SELF-EMPLOYMENT			
Net earn. (loss) from self-employment....	4,036,700	0	4,036,700
SCHEDULE K - OTHER			
Tax-exempt interest income.....	25,000	0	25,000
Nondeductible expenses.....	325,000	0	325,000
Distributions of cash & marketable sec... ..	800,000	0	800,000
Investment income.....	70,000	0	70,000
SCHEDULE L - BALANCE SHEET			
Beginning Assets.....	3,000,000	0	3,000,000
Beginning Liabilities and Capital.....	3,000,000	0	3,000,000
Ending Assets.....	3,301,200	0	3,301,200
Ending Liabilities and Capital.....	3,301,200	0	3,301,200

Bogan Engineering LLC

55-5555556

ENDING ASSETS

Cash.....		2,051,200
Other current assets.....		1,250,000
Buildings and other assets.....	1,050,000	
Less accumulated depreciation.....	(1,050,000)	
Total Assets.....		3,301,200

ENDING LIABILITIES & CAPITAL

Accounts payable.....		1,000,000
Loans from partners.....		1,000,000
Partners' capital accounts.....		1,301,200
Total Liabilities and Capital.....		3,301,200

DO NOT FILE

TRADE OR BUSINESS INCOME

Gross receipts less returns.....	6,500,000
Gross Profit.....	6,500,000
Total income (loss).....	6,500,000

TRADE OR BUSINESS DEDUCTIONS

Salaries and wages.....	750,000
Guaranteed payments to partners.....	2,500,000
Deductible interest expense.....	100,000
Other deductions.....	1,713,300
Total deductions.....	5,063,300

INCOME

Ordinary income (loss).....	1,436,700
-----------------------------	-----------

DO NOT FILE

2020

General Information

Page 1

Bogan Engineering LLC

55-5555556

Forms needed for this return

Federal: 1065, Sch B-1, Sch D, Sch K-1, 4562, 8879-PE, 8949

California: 568, Sch D (568), Sch K-1 (568), 3522, 3536, 3588, 3885L, 8453-LLC

Carryovers to 2021

None

DO NOT FILE

Bogan Engineering LLC

55-5555556

Schedule K (Worksheets), Line 18c
Nondeductible Expenses

Disallowed Meals and Entertainment..... \$ 325,000.
 Total \$ 325,000.

Section 199A Wages from Main Trade or Business

Salaries & Wages (Form 1065, page 1, line 9)..... \$ 750,000.
 Cost of Labor (Form 1125-A, line 3)..... 0.
 Farm Labor Hired (Schedule F)..... 0.
 Wages and Salaries (Form 8825)..... 0.
 Wages and Salaries (Other Rentals)..... 0.
 Section 199A Wages from Passthrough K-1s..... 0.
 Total \$ 750,000.

Unadjusted Basis Immediately After Acquisition

No.	Description	UBIA Date Acquired	UBIA
1	Office furniture	1/01/20	\$ 90,000.
		Total	\$ <u>90,000.</u>

DO NOT FILE

2020

Self-Employment Worksheet

Page 1

Bogan Engineering LLC

55-5555556

NET EARNINGS (LOSS) FROM SELF-EMPLOYMENT CALCULATION

Partner Number	General, Limited, or Member	Entity Type	Ordinary Income or (Loss)	Other Rental Income or (Loss)	Adjustments: 1. Plus Certain Rental RE Income 2. Plus Passthrough SE Income (Loss) 3. Less Passthrough Ord. Inc. (Loss) 4. Less 4797 Gain or (Loss)	Guaranteed Payments to Partners Schedule K-1 Box 4a	Manual Self-Employment Adjustment	Net Earnings (Loss) From Self-Employment Schedule K-1 Box 14, Code A
1	Mem	Ind	384,175.			625,000.		1,009,175.
2	Mem	Ind	384,175.			625,000.		1,009,175.
3	Mem	Ind	384,175.			625,000.		1,009,175.
4	Mem	Ind	384,175.			625,000.		1,009,175.
			1,536,700.			2,500,000.		4,036,700.
DO NOT FILE								

Bogan Engineering LLC

55-5555556

Ptr# Name

1 Ryan Bogan
 2 Oscar Young
 3 Clark Coleman
 4 Kim Hoffman

Line	Item	Total on Schedule K	Partner 1	Partner 2	Partner 3	Partner 4
L	Profit Sharing Alloc. Percentage		25.000000	25.000000	25.000000	25.000000
L	Loss Sharing Alloc. Percentage		62.500000	12.500000	12.500000	12.500000
1	Ordinary business income (loss)	1,536,700.	384,175.	384,175.	384,175.	384,175.
4	Guaranteed payments	2,500,000.	625,000.	625,000.	625,000.	625,000.
5	Interest income	5,000.	1,250.	1,250.	1,250.	1,250.
6a	Ordinary dividends	65,000.	16,250.	16,250.	16,250.	16,250.
6b	Qualified dividends	15,000.	3,750.	3,750.	3,750.	3,750.
8	Net S/T cap. gain (loss)	-25,000.	-15,625.	-3,125.	-3,125.	-3,125.
9a	Net L/T cap. gain (loss)	10,500.	2,625.	2,625.	2,625.	2,625.
12	Section 179 deduction	90,000.	22,500.	22,500.	22,500.	22,500.
13	Charitable contributions	86,000.	21,500.	21,500.	21,500.	21,500.
14	Net earnings (loss) from S.E.	4,036,700.	1,009,175.	1,009,175.	1,009,175.	1,009,175.
18	Tax-exempt interest income	25,000.	6,250.	6,250.	6,250.	6,250.
18	Nondeductible expenses	325,000.	81,250.	81,250.	81,250.	81,250.
19	Distributions of cash & market. sec.	800,000.	200,000.	200,000.	200,000.	200,000.
20	Investment income	70,000.	17,500.	17,500.	17,500.	17,500.
20	Gross receipts for Section 448(c)	6,605,500.	1,651,375.	1,651,375.	1,651,375.	1,651,375.

2020

Passthrough Entity Summary

Page 1

Bogan Engineering LLC

55-5555556

Entity #	Passthrough Entity Name
1	Ryan Bogan
2	Oscar Young
3	Clark Coleman
4	Kim Hoffman

Item	Schedule K	Entity Totals	Entity # 1	Entity # 2	Entity # 3	Entity # 4
Gross receipts for Section 448(c)	6,605,500.					

DO NOT FILE

Statement A—QBI Pass-through Entity Reporting (Entity Level Amounts)

Partnership's name: Bogan Engineering LLC		Partnership's EIN: 55-5555556	
	Bogan Engineering LLC		
	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)	1,536,700.	
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction	90,000.	
	Other deductions		
W-2 wages		750,000.	
UBIA of qualified property		90,000.	
Section 199A dividends			
	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB	<input type="checkbox"/> PTP <input type="checkbox"/> Aggregated <input type="checkbox"/> SSTB
QBI or qualified PTP items subject to partner-specific determinations:			
	Ordinary business income (loss)		
	Rental income (loss)		
	Royalty income (loss)		
	Section 1231 gain (loss)		
	Other income (loss)		
	Section 179 deduction		
	Other deductions		
W-2 wages			
UBIA of qualified property			

2020

Capital Account Reconciliation

Page 1

Bogan Engineering LLC

55-5555556

FEDERAL ANALYSIS OF PARTNERS' CAPITAL ACCOUNTS

Partner Number	Partner Name	Beginning Capital Account	Capital Contributed during the year	Partner's share of lines 3, 4, and 7 Fm 1065,Sch. M-2	Withdrawals and Distributions	Ending Capital Account
1	Ryan Bogan	250,000.		265,925.	200,000.	315,925.
2	Oscar Young	250,000.		278,425.	200,000.	328,425.
3	Clark Coleman	250,000.		278,425.	200,000.	328,425.
4	Kim Hoffman	250,000.		278,425.	200,000.	328,425.
	Totals	<u>1,000,000.</u>		<u>1,101,200.</u>	<u>800,000.</u>	<u>1,301,200.</u>

DO NOT FILE

2020

Partners' Allocation Percentages

Page 1

Bogan Engineering LLC

55-5555556

Partner Number	Partner Name	Partner Identification Number	Partner Percentage of Profit Sharing	Partner Percentage of Loss Sharing	Partner Percentage of Ownership of Capital
1	Ryan Bogan	***-**-*****	25.000000	62.500000	25.000000
2	Oscar Young	***-**-*****	25.000000	12.500000	25.000000
3	Clark Coleman	***-**-*****	25.000000	12.500000	25.000000
4	Kim Hoffman	***-**-*****	25.000000	12.500000	25.000000
		Totals	<u>100.000000</u>	<u>100.000000</u>	<u>100.000000</u>

DO NOT FILE

Date: November 8, 2021

To: Ryan Bogan, Oscar Young, Clark Coleman, and Kim Hoffman

Subject: Transparent Explanation Procedure

From what financial information was gathered, I completed Bogan Engineering, LLC's tax forms for the year 2020 to the best of my ability. These forms will include the federal Form 1065, 4562, 8949, Schedule D, and each shareholder's K-1.

However, as a form of disclosure, some of the information may be difficult to appear differently, or elsewhere entirely, when transitioning from book to tax. As such, in a show of good faith, this memo will provide you with a more in-depth analysis of how I conducted the procedures. This level of transparency should allow you to understand why some of the items on your financial statement would be taxable/nontaxable and deductible/not deductible.

I. Form 1065: U.S. Return of Partnership Income

a. Income

The first item worth discussing from your book statement would be your consulting revenues, which were valued at \$65,000,000. As it would appear from your book statement, there was no Cost of Goods Sold included. Therefore, the total amount was able to make its way onto your Form 1065 without any significant changes. You can see this underlines 1a and 1c. This number will serve as a basis for what will happen to the first page of your Form 1065 to see your ordinary business income. However, it will also come into play under your M-1: Reconciliation of Income (Loss) per Books with Income (Loss) per Return, underline 1, and M-2: Schedule M-2 Analysis of Partners' Capital Accounts, underline 3, as your book income.

As for the other forms of income introduced, I did not include any of them in your 1065. The reasoning for this comes from how your business is being operated. After all, despite being labeled as a limited liability corporation, the IRS sees the business as a partnership. Under 26 U.S. Code § 701, a partnership is "not be subject to the income tax imposed by this chapter. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities." In other words, the LLC is a pass-through entity. Thus, I will pass through your book statement information to each of your K-1s.

One of these items includes your interest income from the bonds from Bank of America and the City of Newport Beach. These two interest incomes will be explained in separate paragraphs as there are different rulesets for these scenarios.

For the first case, I will be talking about your interest income from Bank of America, which is worth \$5,000. While it is unclear now, I have assumed that Bogan Engineering owns a savings bond from Bank of America. As such, this would mean that the IRS would fully recognize the interest income as taxable income. Under 6 CFR § 1.61-7, the interest "received by or credited to the taxpayer constitutes gross income and is fully taxable."

However, they will not appear on page 1 of Form 1065. Instead, this shows up on each member's K-1, equally distributed to \$1,250. The reason for this location change would have to be due to a different Internal Revenue Code. Under 26 U.S. Code § 704 (a), "a partner's distributive share of income, gain, loss, deduction, or credit shall, except as otherwise provided in this chapter, be determined by the partnership agreement."

While you have not provided me with your partnership agreement, you have mentioned that you were all "equal" throughout your forms. I will assume that being "equal" means everyone will get their fair share of income and expenses from their partnership. My assumptions state that each member has a share percentage towards profit at 25%. Under 26 U.S. Code § 704 (b), "a partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined in accordance with the partner's interest in the partnership." Thus, each member will have an added interest income onto their K-1, underline 5, equaling to the sum of \$5,000. This interest income will also increase your adjusted basis, which you can find in your K-1.

The following interest income to focus on was from the City of Newport Beach, which came out to be worth \$25,000. While it remains a bit unclear, it is to the best of my knowledge that you are receiving this interest from what is known as a municipal bond. After all, municipal bonds come from the state, city, and other similar entities to fund specific projects in the location. It is because of this reasoning that I can confirm that this is a form of nontaxable income. Under 26 U.S. Code § 103, gross income "does not include interest on any state or local bond." As a result, the interest from the bond is tax-exempted, and it will not make an appearance on your Form 1065.

Of course, you cannot completely get rid of it. After all, it is still considered interest income within your financial statements. It just means that you must recognize the interest income elsewhere. This new location will be on your M-1, underline 6. In this line, it would recognize any revenue that was recorded on your book statement that was not yet recognized. In addition, the tax-exempted interest income will be located and distributed equally to each of your K-1s as \$6,250, underline 18. This tax-exempted income will also increase your adjusted basis by the end, which you can find in your K-1.

The following items come in the form of your Long-Term Capital Gain and Short-Term Capital Loss. These gains and losses come from Bogan's investments in dividend-paying stocks and tax-exempt securities. These are found on your Schedule D - Capital Gains and Losses and Form 8949 - Sales and Other Dispositions of Capital Assets.

When it comes to your STCL, you have stated that on June 15, Bogan has purchased 1,000 shares from Fountain, Inc. at a basis of \$100,000. On December 15 of that same year, Bogan sold the shares for \$75,000. In the end, Bogan has accumulated a loss of \$25,000.

When it comes to your LTCG, Bogan has purchased 2,000 shares of Young Machinery, Inc on March 15, 2019, at \$189,000. On December 15, 2020, Bogan sold the shares for \$195,500. In the end, Bogan has accumulated a gain of \$6,500 for the current year. In

addition, as of recent updates, you have also stated that there was a capital gain distribution of \$4,000 under long-term capital gain. Thus, your total LTCG, according to your book statement, would be \$10,500.

Like interest income, these capital gains fall under 26 U.S. Code § 704 (a) and 26 U.S. Code § 704 (b). As such, along with the hidden context clues that you were all “equal,” I can only assume that everyone will get their fair share of income and expenses from their partnership. Thus, each member will add an LTCG worth \$2,625 to their K-1, underlined 9a. The LTCG will also increase your adjusted shareholder basis.

However, while the same ruling applies towards the STCL as well, the percentages for each member have changed. After all, Ryan Bogan had loaned the partnership \$1,000,000 back in 2009. Under 26 U.S. Code § 752 (a), “Any increase in a partner’s share of the liabilities of a partnership, or any increase in a partner’s individual liabilities by reason of the assumption by such partner of partnership liabilities, shall be considered as a contribution of money by such partner to the partnership.”

As a result, while I would still equally distribute the \$1,00,000 of credit towards all members, Ryan would already have a higher recourse liability than others. Thus, through a mathematical calculation, the new liability percentage for Ryan would be 62.5% ($1,250,000/2,000,000$), while the rest of the members would have a liability percentage of 12.5% ($250,000/2,000,000$). With this revelation deconstructed, the new allocated amount given to Ryan would be \$15,625, while the rest of the members would have \$3,125. These numbers will be able to appear under each of your K-1s, underline 8. Finally, the STCL will also decrease your adjusted shareholder basis.

The final item under your income is your dividends, which include your ordinary and qualified dividends. While the origin of the dividend is unknown, you have clearly stated that your ordinary dividend was \$50,000, and your qualified dividend was \$15,000. According to 26 U.S. Code § 702 (a), when it comes to income for the partners of a partnership:

- Each partner shall consider separately his distributive share of the partnership’s—
- (1) gains and losses from sales or exchanges of capital assets held for not more than 1 year,
 - (2) gains and losses from sales or exchanges of capital assets held for more than 1 year,
 - (3) gains and losses from sales or exchanges of property described in section 1231 (relating to certain property used in a trade or business and involuntary conversions),
 - (4) charitable contributions (as defined in section 170(c)),
 - (5) dividends with respect to which section 1(h)(11) or part VIII of subchapter B applies,
 - (6) taxes, described in section 901, paid, or accrued to foreign countries and to possessions of the United States,

- (7) other items of income, gain, loss, deduction, or credit, to the extent provided by regulations prescribed by the Secretary, and
- (8) taxable income or loss, exclusive of items requiring separate computation under other paragraphs of this subsection.

As it states, the dividend is also included in each of your K-1s. As such, your qualified dividends will have no issue making that transition towards line 6b, which will be divided into \$3,750 for each of the four K-1s. However, a qualified dividend will not affect your adjusted shareholder basis, or at least not by itself. For you see, when it comes to the ordinary dividend, it will seem slightly off than its stated amount of \$50,000. That is because an ordinary dividend is the total of all the dividends, including a qualified dividend. As such, the total amount will total up to \$65,000, with each member getting \$16,250 underline 6a. Of course, the \$16,250 will also increase your shareholder's basis by the end of the year.

b. Deductions

When it comes to your deductions, the first inclusion would include under tax statement would be your business expenses. These can vary throughout most businesses, but in the case of Bogan Engineering LLC, your business expenses include:

- Salaries and Wages Expenses (750,000)
- Advertising Expenses (450,000)
- Repairs and Maintenance (25,000)
- Interest Expense - Line of Credit (50,000)
- Interest Expense- Loan from Bogan (50,000)
- Legal and Accounting Fees (132,000)
- Travel Expenses (300,000)
- Insurance Expenses (52,000)
- Office Rent Expenses (175,000)
- Office Expenses (200,000)
- Payroll Tax Expenses (100,000)
- Utilities Expenses (54,300)

Now it is worth noting that this is not the complete list. After all, some expenses have different rules and applications to them, whether it means a reduction to the actual amount or having it relocated to somewhere else on your Form 1065. Nevertheless, all these expenses are tax deductions to the entire amount. After all, under 26 U.S. Code § 162 — Trade or Business Expenses, businesses “shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business.” As such, your Form 1065 will be full of what was reported from your financial statement.

The next deduction that comes into play would be the guaranteed payments made towards the four principal shareholders of the business. For this, it had a worth of \$2,500,000. While it may seem like that of salaries and wages as it is also a tax

deduction, it is essential to distinguish the two as separate expenses. After all, according to Rev. Rul. 69-184 in the IRS:

Bona fide members of a partnership are not employees of the partnership within the meaning of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Collection of Income Tax at Source on Wages... Such a partner who devotes his time and energies in the conduct of the trade or business of the partnership, or in providing services to the partnership as an independent contractor, is, in either event, a self-employed individual rather than an individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee.

In essence, all four shareholders cannot be a partner and an employee simultaneously. As such, your services towards the business would fall under guaranteed payments. In which, under 26 U.S. Code § 707(c), these payments towards a partner “shall be considered as made to one who is not a member of the partnership, but only for the purposes of section 61(a) (relating to gross income) and, subject to section 263, for purposes of section 162(a) (relating to trade or business expenses).” Thus, the guaranteed total amount would be reported onto your Form 1065, underline 10, and your M-1, underline 3. However, these payments for your services will also be equally distributed, at \$625,000, towards each of your K-1s, under 4a.

The next item to discuss comes in the form of your charitable contribution. According to your book statement, you have stated that Bogan has contributed a total of \$86,000. Based on what was given, these contributions do qualify to be tax-deductible. Under 26 U.S. Code § 170, “there shall be allowed as a deduction any charitable contribution payment of which is made within the taxable year. A charitable contribution shall be allowable as a deduction only if verified under regulations prescribed by the Secretary.” Since the business is considered a pass-through entity, this means that the deduction will not be in your Form 1065. Instead, it would be under each of your K-1s.

However, it is worth noting that the total amount will not be recognized. Instead, it will only be 50% that will be considered tax-deductible. And yet, that won’t be the case either, thanks to the Coronavirus Aid Relief and Economic Security Act (CARES Act). Under the CARES Act, the IRS has temporarily increased the limit to 60% of your AGI. And since the amount contributed is less than the business’s AGI, this would mean that the entire \$86,000 will be reported, with \$21,500 being distributed to each member underline 13 of their K-1s. It is also worth noting that this contribution will lower the shareholder’s basis at the end of the year.

The next item for discussion would come from the depreciation expense found on your book statement. According to your given financial report, Bogan has accumulated a total of \$90,000. Based on this information alone, it is worth pointing out that such depreciation is considered a tax deduction. Under 26 U.S. Code § 167(a), a business depreciation expense “shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear, and tear (including a reasonable allowance for

obsolescence) — (1) of property used in the trade or business, or (2) of property held for the production of income.”

However, these rules changed because your business was labeled as a limited liability corporation and taxed as a partnership. Due to these conditions, you would not deduct your depreciation under your Form 1065 but rather your K-1s instead. For this reasoning, let us look at 26 U.S. Code § 179 - Election to expense certain depreciable business assets. Under this IRC, “a taxpayer may elect to treat the cost of any section 179 property as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the section 179 property is placed in service.” And when it comes to partnerships, under 26 U.S. Code § 179 (d) (8), “limitations shall apply with respect to the partnership and with respect to each partner.” As such, each member would have a \$22,500 as a Section 179 deduction underline 12. This deduction will also lower their overall shareholder basis.

I will explain the subsequent two business expenses together. These expenses include your meals and entertainment expenses. As it stands, your meals expense rounded out to \$250,000, and your entertainment expense was \$20,000.

Regarding your meal expenses, it is worth noting that meal expenses are still considered a tax deduction. However, it won’t be that easy as compared to the other costs mentioned before. After all, this had to do with the Tax Cuts and Jobs Act of 2017 and § 274. In 26 U.S. Code § 274 (n), “the amount allowable as a deduction under this chapter for any expense for food or beverages shall not exceed 50 percent of the amount of such expense which would be allowable as a deduction under this chapter.”

It is worth stating that under the Consolidated Appropriations Act of 2021, the IRS had temporarily allowed a full 100% deduction for meals under specific conditions. However, due to the lack of information on how such meals came to be, Bogan would not be qualified to such a ruling. So, unless you have given me additional information to explain, I will only deduct this business expense by 50%, which will be only \$125,000. This business expense will fall underline 20 in Bogan’s Form 1065 as a separate deduction. I will also report the remaining amount onto your M-1, underline 4b, and your K-1, underline 18, as \$31,250. It is worth stating that this remaining amount will decrease your shareholder’s basis.

As for your entertainment expense, even after passing the Consolidated Appropriations Act of 2021, it would still not be considered a tax deduction. For this reasoning, one would only need to look at the Tax Cuts and Jobs Act of 2017 and § 274. Under 26 U.S. Code § 274 (a), “no deduction otherwise allowable under this chapter shall be allowed for any item— (A) Activity; with respect to an activity which is of a type generally considered to constitute entertainment, amusement, or recreation, or (B) Facility; with respect to a facility used in connection with an activity referred to in subparagraph (A).” As a result, your entertainment expense will not make an appearance in your Form 1065. However, the \$200,000 will be reported onto your M-1, underline 4b, and your K-1,

underline 18, as \$50,000. Alongside the meals expense, this expense will also decrease your shareholder's basis.

The final expense worth discussing today comes from your political contributions. According to your financial statement, Bogan has contributed a total of \$15,000. Now at first glance, one would think it would be a tax deduction. After all, as I've mentioned before, that was partially tax-deductible with charitable contributions, so the same rule would have to apply. Unfortunately, that does not seem to be the case. After all, under 26 U.S. Code § 170, it clearly emphasizes that it only applies to "charitable" contributions, meaning that you are not expecting something in return. This dilemma doesn't seem to be the case as political contributions only help one person and not an organization. Not to mention that these contributions are meant to benefit you in some way if the politician wins. Thus, the \$15,000 campaign donation is not tax-deductible and will not appear on Bogan's Form 1065. However, it will be reported onto your M-1, underline 4b, as \$3,750, which will also reduce your shareholder's basis.

This concludes everything involving your incomes and expenses. By now, you should better grasp where each of the items is located and why. Not to mention that if everything is done correctly, this would mean that your ordinary business income, underline 22, for your Form 1065 would be \$1,536,700, all, while your book income would still total itself up to \$1,101,200, in lines 1 and 3 for your M-1 and M-2 respectively. In addition, the total ordinary business income would also be equally distributed to each of the four members underline 1 of their K-1, which ended up being \$384,175, and it will increase your adjusted shareholder basis.

II. Schedule L & Schedule M-1/M-2

The following document that I will analyze is your balance sheet. This balance sheet shows all Bogan's total assets, liabilities, and equity from the beginning of the year and the ending of the year. However, unlike before, the information found in books can make its complete transition from book to tax. As a result, Schedule L will look very much the same as your financial statement, resulting in both assets and liabilities equal toward the beginning and end of the year.

Only one line would need an additional explanation of how the numbers came to be for line 21: Partners' capital accounts. This is because this directly connects to your Schedule M-2: Analysis of Partners' Capital Accounts.

Under the schedule, the first time recorded would be the total basis from the partnerships at the beginning of the year. Based on what was given, on January 1, each of the members' capital accounts equaled \$250,000 each, resulting in \$1,000,000. The next item to include would be any capital contribution made during the year between all the members. However, as revealed, there were no additional capital contributions made this year, so there is no worry about it. In addition, upon concluding that your book income does indeed equal \$1,101,200, you would have to report these results underline 3, adding to the total amount.

Finally, while these few items were meant to increase the capital account, one item to report would decrease the total amount. That item is the withdrawal of \$200,000 in cash for each of the members during the year. This amount can be found in each of your K-1, underline 19. And since Bogan conducted the contributions, distributions, and withdrawals in cash, the LLC had no net unrecognized § 704(c) gain or loss. As such, the total amount distributed would be \$800,000, which would be then reported under line 6a on your M-2. These withdrawals will also decrease the shareholder's basis upon equal distribution. With all that done, the resulting total will be \$1,301,200, which is equal to what was reported from your financial statement.

III. Computation of Each Partner's Tax Basis

After adequately placing all the items during the transition from book to tax, it is time to discuss some of the tax consequences. For one, upon completion, your total self-employment earnings came to be \$4,036,700, where each of you, underline 14 on your K-1, will have \$1,009,175. This number came to be after combining your ordinary book business income and guaranteed payments.

The reveal of this number would finally allow you to find gross receipts for the Bogan's shareholders. And as a result, the total gross receipt would be \$6,605,500. This amount will be equally distributed towards each member under 20 of your K-1, resulting in \$1,651,375. It is crucial to find this number because of 26 U.S. Code § 448, or the gross receipt test. Under 26 U.S. Code § 448 (c), "a corporation or partnership meets the gross receipts test of this subsection for any taxable year if the average annual gross receipts of such entity for the 3-taxable-year period ending with the taxable year which precedes such taxable year does not exceed \$25,000,000."

The reasoning onto why the number is specific is because this is considered the "de minimis rule" to be considered an "exempt small business" when it comes to 26 U.S. Code § 163(j), or limitation on business interest expense. However, since you are taxed as a partnership, I do not believe this rule applies to you. The same ruling is also considered under 26 U.S. Code § 199(a), or qualified business income deduction. And in this case, this ruling applied to you and the other shareholders when conducting your 1040s. These new rulings came to be after the passing of the TCJA during the Trump Administration.

The next item to discuss that has implied tax consequences would come from Ryan Bogan exclusively. After all, Ryan Bogan loaned the partnership \$1,000,000 back in 2009, which increased his recourse liability and overall loss percentage at 62.5%. Of course, this is only temporary, as the note will be due in 2026. Unless the other shareholders have done similar acts during the gap years, everyone should have an equilibrium of loss percentage at 25%. Of course, this would mean that Ryan's shareholder basis will begin to increase, while the rest of the shareholders will decrease since their loss percentage would increase from its current percentage of 12.5%.

With that out of the way, here is the complete computation for each member's tax basis, from the beginning to the end. You can also verify this under section L of your K-1s.

	Ryan Bogan	Oscar Young	Clark Coleman	Kim Hoffman
Beginning Capital Account	\$250,000	\$250,000	\$250,000	\$250,000
ADD: Partner's contributions to partnership	0	0	0	0
ADD: Partner's share of partnership				
• Ordinary Business Income (Loss)	384,175	384,175	384,175	384,175
• Interest Income	1,250	1,250	1,250	1,250
• Ordinary Dividend	16,250	16,250	16,250	16,250
• Long Term Capital Gain	2,625	2,625	2,625	2,625
• Tax-Exempt Interest Income	6,250	6,250	6,250	6,250
Total of Capital Account	\$660,550	\$660,550	\$660,550	\$660,550
LESS: Distributions and withdrawals from partnership				
• Withdrawal	(200,000)	(200,000)	(200,000)	(200,000)
LESS: Partner's share of partnership				
• Short Term Capital Loss	(15,625)	(3,125)	(3,125)	(3,125)
• Section 179 deduction	(22,500)	(22,500)	(22,500)	(22,500)
• Charitable Contributions	(21,500)	(21,500)	(21,500)	(21,500)
• Meals + Entertainment	(81,250)	(81,250)	(81,250)	(81,250)
• Political Contribution	(3,750)	(3,750)	(3,750)	(3,750)
Ending Capital Account	\$315,925	\$328,425	\$328,425	\$328,425