

**INDIVIDUAL PRACTICE SET #1**

**GERALD AND MOIRA RYAN**

**INDIVIDUAL FEDERAL INCOME TAX RETURN**

**2006-2007 ANNUAL EDITION**

**ALL DATES RELATE TO YEAR 2005 UNLESS STATED OTHERWISE**

**1.0 INTRODUCTION:**

You have been employed to complete the Federal income tax return of Gerald and Moira Ryan for 2005. The Ryans have provided you with original copies of all third party documents filed with the IRS, such as W-2's, 1099's and K-1's. They have also provided you with adequate written documentation to substantiate all transactions mentioned in this case. Lastly, they have provided you with copies of their 2004 Federal and Kansas income tax returns.

**1.1 Taxpayer Biographical Information:**

Biographical data relating to the Ryans are as follows:

- Gerald Padraig Ryan, SSN 499-45-4939. Born March 17, 1942. Employed as a freight train railroad conductor by BNSF Corporation prior to his retirement on October 31.
- Moira Sullivan Ryan, SSN 455-49-9090. Born January 29, 1955. Sole owner and full-time manager of Moira's Horticultural Creations, an unincorporated florist shop operating in Newton, Kansas.
- They have been married for 24 years. They reside at 501 Main Street, Newton, Kansas 67114. Their daytime telephone number is (316) 555-1776.

**1.2 Persons Supported by the Ryans:**

The Ryans have the following single children:

- Michael John Ryan, SSN 455-40-1000. Born August 2, 1983. Full-time student at Creighton University, Omaha, Nebraska before graduating in May. Matriculated as a full-time medical student at St. Louis University in St. Louis, Missouri since August. Of his total support, the Ryans provided 45 percent, Michael provided 40 percent and the balance came from other sources. Michael's sole income consisted of wages and tips aggregating \$3,800 earned as a waiter. He lived with the Ryans during the summer months only.

- Kelly Marie Ryan, SSN 455-30-8220. Born June 2, 1985. Part-time student at Christendom College in Fort Royal, Virginia. The Ryans provided 70 percent of her support. Her income consisted solely of \$8,000 earned from a part-time job as a computer analyst. She did not live with the Ryans for any part of 2005.
- Oliver Plunkett Ryan, SSN 455-30-3030. Born December 12, 1989. Full-time student at St. Michael's Catholic High School. The Ryans provided 100 percent of his support. He earned no income. He lived with the Ryans throughout the entire year.

The Ryans also supported the following persons:

- Jane O'Dea Sullivan, mother of Moira, SSN 252-45-5059. Widow. Born February 7, 1928. Resided in Benson, Arizona prior to her death on November 3. The Ryans provided 65 percent of her total support. Her sole income consisted of \$1,100 of interest and dividends and \$5,600 of Social Security benefits.
- John Wilson Amner, cousin of Gerald, SSN 780-45-6700. Widower. Born January 19, 1949. Resides in Arkansas City, Kansas. The Ryans provided 60 percent of his total support. His sole income consisted of \$8,800 of disability income paid by the State of Kansas.

### 1.3 Taxpayer Filing Information:

The following tax filing information relates to the Ryans:

- The Ryans wish to file as married filing jointly on their 2005 Federal income tax return.
- Neither Gerald nor Moira wish to contribute to the Presidential Election Campaign Fund.
- The Ryans are calendar year taxpayers.
- The Ryans follow the cash receipts method except that Moira's Horticultural Creations accounts for sales, inventory purchases, and cost of goods sold on the accrual basis.
- Both Gerald and Moira desire that any tax overpayment be refunded rather than credited to their 2006 Federal tax return.

### 1.4 Data Relating to 2004 Federal and Kansas Income Tax Returns:

The following data were reported on the 2004 Federal and Kansas income tax returns filed by the Ryans:

- The Ryans filed as married filing jointly on their 2004 Federal and Kansas income tax returns.

- The Ryans reported a tax liability of \$13,400 on their 2004 Federal income tax return. They received a check in the amount of \$2,560 from the U.S. Treasury as a refund on their Federal return on July 17. They also received a check in the amount of \$200 from the U.S. Treasury as interest on their Federal income tax refund on the same day.
- The Ryans reported a tax liability of \$3,486 in their 2004 Kansas income tax return. They received a check in the amount of \$710 from the Kansas Department of Revenue as a refund on their 2004 Kansas tax return on June 19. The Ryans did deduct all Kansas income taxes on Schedule A on their 2004 Federal income tax return.
- The Ryans reported a net short-term capital loss carryforward of \$1,250 on their 2004 Federal tax return.
- The Ryans reported no other carryforwards on their 2004 Federal income tax return.

## 2.0 INCOME SOURCES

### 2.1 Salary Income:

As stated in Section 1.1 above, Gerald was employed as a freight train railroad conductor by BNSF Corporation prior to his retirement on October 31. His Form W-2 as filed by BNSF Corporation is attached. (BNSF Corporation operates the Burlington Northern Santa Fe Railway.)

### 2.2 Retirement Income:

Gerald received the following retirement income:

- Monthly Railroad Retirement benefits. His Form RRB-1099 as filed by the Social Security Administration is attached.
- Distributions from a profit-sharing pension plan he participated in as an employee of BNSF Corporation. His Form 1099-R as filed by the First Bank of Albuquerque, the trustee of the pension fund, is attached. Gerald contributed \$102,000 to this profit-sharing plan. All of his contributions were excluded from his gross wage income.
- Distributions from an annuity paid by Aeterna Insurance. His Form 1099-R as filed by Aeterna is attached. He began receiving this annuity on July 1. He purchased the annuity from Aeterna Insurance in 1992 for \$26,000.
- A lump-sum distribution from a traditional IRA plan. His Form 1099-R as filed by the First National Bank in St. Louis is attached.
- Gerald owns no other retirement or deferred compensation account.

### 2.3 Income from Trade or Business:

A. As stated in Section 1.1 above, Moira was sole owner and manager of Moira's Horticultural Creations, an unincorporated floral shop. The shop is located at 1234 Utah Street, Newton, Kansas 67114. She accounts for all transactions on the cash receipts method except that sales, inventory purchases, and cost of goods sold are accounted for on the accrual basis. She also accounts for inventory on a lower of cost or market basis. Moira always uses the fastest cost recovery method available. She is at-risk for all losses. Her Employer Identification Number (EIN) is 86-3548975. The applicable business code is 453110.

B. Moira's Horticultural Creations maintains two separate bank accounts – the general account and the payroll account. The following cash receipts were posted to the general account:

• Cash sales	\$113,000
• Collections of credit sales	395,900*
• Repayment of loan from neighbor (loan was interest free)	2,000
• Proceeds from business loan First National Bank of Newton	59,000

\* Of all credit sales in 2005, \$1,045 proved uncollectible as of the end of 2005. For financial statement purposes, Moira Horticultural Creations accounts for bad debts on the reserve method. One tenth of one percent of all credit sales is considered as uncollectible at the time of sale.

C. As of December 31, 2004, \$4,000 of credit sales had not been collected. As of December 31, 2005, \$7,000 of credit sales had not been collected.

D. The Following cash payments were posted to the general cash account:

• Purchase of cut flowers for resale	\$102,680*
• Purchase of potted plants for resale	100,820
• Supplies	22,500
• Utilities	12,000
• Rent	20,000
• Payment of business loan	44,000
• Interest on business loan	7,600
• Insurance	6,500
• Accounting and tax preparation services (\$400 allocable to Ryans' personal return)	2,200
• Advertising	6,700
• Automotive expenses	2,000
• Repairs	1,000
• Contribution to Moira's Keough plan	4,000
• Entertainment expenses	1,600
• Meals	700
• Contribution to United Way	4,000
• State licensing fee (including fine of \$125 for late payment)	575

\* Moira estimates that cut flowers costing \$1,100 were devoted to personal use.  
Cut flowers costing \$3,000 were disposed of as unfit for sale.

E. The following cash payments were posted to the payroll account:

• Gross employee wages	\$73,000
• FICA (employer portion)	4,658
• Medicare taxes (employer portion)	1,270
• Federal unemployment tax	820
• State unemployment tax	290

F. Moira's Horticultural Creations had no unpaid expenses as of December 31, 2005.

G. Beginning and ending inventory balances are summarized as follows:

<u>Category</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
Cut flowers	\$2,000	\$9,000
Potted plants	3,500	4,400

H. During 2005, Moira's Horticultural Creations purchased and placed into service the following assets:

<u>Description of Property:</u>	<u>Date Placed into Service:</u>	<u>Purchase Price</u>	<u>Business Use:</u>
Horticultural Structure	8/19/05	\$80,000	100%
Computer System	9/15/05	27,000	100%
Office Furniture	2/22/05	30,000	100%

I. Depreciable property that Moira's Horticultural Creations purchased and placed into service prior to 2005 consisted of the following:

<u>Description of Property:</u>	<u>Date Placed into Service:</u>	<u>Adjusted Basis when Placed into Service:*</u>	<u>Business Use:</u>
Computer system	9/26/03	\$ 6,600	100%
Computer printer	10/14/03	1,780	100%
Office furniture	4/4/03	29,300	100%
Cutting equipment	7/8/01	3,000	100%

\* Adjusted basis at the time the property was placed into service excludes any §179 deduction taken in the year the property was placed into service.

J. Moira's Horticultural Creations also operates a delivery van that it placed into service on April 16, 1999. The entire \$16,000 cost of the delivery van was expensed under § 179 so that no portion of its cost was depreciated under MACRS. The weight of van is 7,400 pounds. Automotive use consisted exclusively of the use of the delivery van. The van was driven a total of 12,000 miles in 2005, of which 8,000 miles were driven prior to September 1. Moira's Horticultural Creations has a written policy prohibiting the personal use of business-owned vehicles. Written documentation also exists justifying business use of all business-owned vehicles. Moira's Horticultural Creations has always used the automatic mileage method. Business use has always been 100 percent.

K. On October 1, Moira sold the computer printer for \$475 and the old computer system for \$1,000.

## 2.4 Dividends Received:

The Ryans received the following cash dividends or corporate distributions from each source as indicated:

- The Ryans hold interests in several mutual funds through their account with the stock brokerage firm of Joseph Schwartz and Associates. Their substitute Form 1099-DIV as filed by Joseph Schwartz is attached.
- The Ryans owned 1,200 shares of stock in First National Bank of Newton as of December 31, 2004. Their substitute Form 1099-DIV as filed by First National Bank of Newton is attached. This stock split on a two for one basis on October 19. The Ryans did not post any transactions to this stock in 2005. Their adjusted basis in their stock as of December 31, 2004 was \$29,000. Fair market value of the stock was \$40,000 before the stock split and \$42,000 after the stock split.
- The Ryans received a cash distribution of \$9,000 from Central Kansas Oilfield, Inc. as mentioned in Section 2.7 below. Central Kansas Oilfield, Inc. was not required to file a Form 1099-DIV with the IRS.

## 2.5 Interest Received:

A. The Ryans received a Form 1099-INT as filed by each of the following sources:

- First National Bank of Newton
- Central Kansas Savings and Loan

Each Form 1099-INT is attached.

B. The annual statement from Joseph Schwartz, as mentioned in Section 2.4 above lists interest of \$500 on Kansas General Obligation Bonds. Schwartz was not required to report this amount on the substitute Form 1099-DIV that it filed with the IRS.

## 2.6 Sale of Corporate Stock:

The Ryans sold the following shares of common stock in privately held corporations:

<u>Description Of Stock:</u>	<u>Date of Acquisition:</u>	<u>Date of Sale:</u>	<u>Proceeds from Sale:</u>	<u>Method of Acquisition:</u>	<u>Method of Sale:</u>
1,200 Shares Union Pacific Corp.	3/9/05	12/12/05	\$41,000	Purchased by Ryans for \$29,000	Sold to neighbor
200 Shares CSX Corp.	3/17/00	5/19/05	\$10,300	Received by Moira as gift from sister. Basis to sister at time of gift was \$11,000. FMV at time of gift was \$10,800.	Sold to friend
100 Shares Novara Corp.	11/12/05	12/30/05	\$45,200	Received as inheritance from Moira's mother. Basis to mother was \$9,340. FMV at time of death was \$44,350.*	Sold to Moira's cousin
5,000 Shares Pfau Corp.	4/20/99	6/14/05	\$65,000	Purchased by Ryans for \$89,000	Sold to Gerald's brother

\* The executor of Jane Sullivan's estate does not intend to elect the alternate valuation method.

All stocks listed above were held by the Ryans for investment purposes. None was purchased directly from the corporation involved, nor was any held in a brokerage company account.



## 2.7 Other Income:

- A. Gerald owns a 20 percent interest in Central Kansas Oilfield, Inc., a subchapter S corporation. Although Gerald attends annual shareholder meetings, he does not participate in the management or operation of this corporation. His K-1 filed by Central Kansas Oilfield, Inc. is attached. His adjusted basis in his stock in Central Kansas Oilfield, Inc. as of December 31, 2004 was \$90,000. Central Kansas Oilfield, Inc. does not have any working interests in any oil and natural gas properties.
- B. Gerald took up the hobby of taxidermy in 2001. Since his retirement, he has been able to devote more time to this hobby. Relevant transactions relating to this activity were as follows:

• Proceeds from sale of stuffed birds	\$4,400
• Taxidermy supplies	2,200
• Office supplies	200
• Taxidermy lessons	400
• Advertising	300
• Freight and postage	200
• Depreciation on equipment	1,400

This activity was not profitable in any year prior to 2005.

- C. The Ryans own a second home they use for their annual ski trips. The home is located at 205 Fraser Avenue, Fraser, Colorado 80442. They purchased the home for \$100,000 on March 15, 2000. The purchase price included \$10,000 for the land. In 2005, they spent 8 days there. Wishing to cut the costs of maintaining this home, they rented it out for 72 days at the rate of \$100 per day. Expenses relating to this home were as follows:

• Property taxes	\$2,100
• Utilities and maintenance	900

Mortgage interest as reported on Form 1098 from the First National Bank of Glenwood Springs is attached.

The U.S. Court of Federal Appeals for the 10<sup>th</sup> Circuit, which has jurisdiction over both Kansas and Colorado, has not mandated the court's approach to any issue regarding the rental of vacation homes.

- D. The Ryans received the following:
- An inheritance from Moira's mother consisting of the stock in Novara Corporation listed in Section 2.6 above and \$55,000 in cash.
  - A trip to Ireland worth \$3,800 as a retirement gift from Gerald's brother, Fred.

- Royalty income consisting of \$300 paid to Gerald for his autobiographical story entitled "My Life on the Atchison, Topeka and Santa Fe" published in *Trains Magazine*. The magazine publisher was not required to file a Form 1099-MISC with the IRS.
- Gerald was named the "Outstanding Railroader of the Year" by his local of the United Transportation Union. He received a check for \$1,000 as part of this award. Moira promptly spent the money.

### 3.0 EXPENSES:

#### 3.1 Medical Expenses:

The Ryans paid the following medical-related expenses:

• Medical insurance premium on Moira	\$4,800
• Doctors bills for Moira	1,600
• Nonprescription sleeping drugs for Michael	200
• Funeral expenses for Moira's mother	6,500

#### 3.2 Payments on Debt:

A. Mortgage interest on the home in Newton as reported on Form 1098 from the Bank of Newton as attached.

B. The Ryans also paid the following loan-related charges from their personal checking account:

• Interest charged on their VISA charge account	\$ 2,100
• Principal paid to VISA	9,000
• Interest on loan to buy boat (collateral used was their home)	1,900*
• Principal on boat loan	3,700*
• Interest on loan to buy automobile (loan was unsecured)	4,400**
• Principal on automobile loan	1,700**
• Interest on loan used to buy stock in First National Bank of Newton	2,400***
• Principal on loan to buy stock in First National Bank of Newton	10,800***

\* Payment was to Home Savings and Loan of Newton

\*\* Payment was to First Kansas Bank Corporation

\*\*\* Payment was to Joseph Schwartz

### 3.3 State and Local Taxes and Fees:

A. The Ryans paid the following expenses from their own personal checking account:

• Property taxes on Newton home	\$3,100
• Personal property tax on boat	200
• Automobile license fee	75
• Fee to secure Nebraska fishing license	40

B. The Ryans made the following deposits with the Kansas Department of Revenue for their Kansas income tax liability from their own personal checking account on the dates indicated:

• January 18, 2005	\$200
• April 15, 2005	250
• June 15, 2005	250
• September 15, 2005	250
• January 17, 2006	400

C. The applicable sales tax rate in Newton, Kansas is 6.3 percent. The Ryans had no major purchases on which they paid sales tax in 2005. They did not retain adequate records substantiating purchases subject to sales tax.

### 3.4 Charitable Contributions:

The Ryans made cash payments to the following organizations:

• St. Michael Catholic Church	\$3,000
• Muscular Dystrophy Association	1,100
• Leukemia Society of America	900

### 3.5 Educational Expenses:

A. The Ryans paid the following educational expenses for the benefit of their children:

- In the case of Michael John Ryan, the Ryans paid \$4,000 for tuition and required fees and \$2,400 for room and board. Direct payment was made to Creighton University. Michael financed his studies as a medical student at St. Louis University through personal asset liquidation and by borrowing \$5,000 from a student loan program.
- In the case of Kelly Marie Ryan, the Ryans paid \$3,000 for tuition and required fees and \$2,200 for general living expenses. Payment was made to Kelly rather than Christendom College.
- In the case of Oliver Plunkett Ryan, the Ryans paid \$1,800 for tuition. Direct payment was made to St. Michael's Catholic High School.

B. Gerald is considering a second career as a part-time travel agent. He took a course on the legal requirements of securing a travel agent's license. The course was offered by Sedgwick County Community College. Gerald's costs were \$255 for tuition and \$200 for required books.

### 3.6 Other Expenses and Payments:

A. The Ryans made the following cash payments from their personal checking account:

• Gerald's union dues	\$ 600
• Subscription to <i>Florist Weekly</i>	40
• Contribution to Republican Party of Kansas	2,000
• Safe deposit box for stock certificates	50
• Attorney fees to successfully defend Kelly against charge of drunk driving	7,200

B. The Ryan home was burglarized on July 4. Moira's diamond ring worth \$22,000 was stolen. Moira bought the ring on September 1, 2000 for \$17,400. The ring was not recovered. Insurance recovery was limited to \$4,500. It was not held as a collectible item.

### 3.7 Quarterly Federal Tax Deposits:

The Ryans made the following deposits with the United States Treasury for their Federal income tax liability from their own personal checking account on the dates indicated:

• January 18, 2005	\$ 750
• April 15, 2005	1,250
• June 15, 2005	1,250
• September 15, 2005	1,250
• January 17, 2006	1,250

## REQUIREMENTS

### PART 1: TAX COMPUTATION

Prepare the Federal income tax return with all supporting schedules and attachments for Gerald and Moira Ryan for 2005. Specifically, submit the following completed forms with required schedules:

- Form 1040: U.S. Individual Income Tax Return
- Form 1040 Schedule A: Itemized Deductions
- Form 1040 Schedule B: Interest and Ordinary Dividends
- Form 1040 Schedule C: Profit and Loss from Business
- Form 1040 Schedule D: Capital Gains and Losses
- Form 1040 Schedule E: Supplemental Income and Loss
- Form 1040 Schedule SE: Self-Employment Tax
- Form 2106-EZ: Unreimbursed Employee Business Expenses
- Form 4562: Depreciation and Amortization
- Form 4684: Casualties and Thefts
- Form 4797: Sales of Business Property
- Form 4952: Investment Interest Expense Deduction
- Form 8582: Passive Activity Loss Limitations
- Form 8863: Education Credits

Use all opportunities to minimize tax liability. In this regard, assume that the Ryans always prefer to forego potential future tax savings in favor of current year tax savings.

### PART 2: TAX PLANNING

The Ryans seek your advice for each of the following tax issues:

- A. You have discovered that Moira's Keough Plan has a net asset balance of \$125,000 as of December 31. The Ryans have no other equity in any other retirement or deferred compensation accounts and no retirement income other than that listed in this problem. What advice would you give?
- B. Moira plans to retire around the beginning of 2007. She has promised to sell or lease the business to her friend Jennifer Contes. A sales price of \$225,000 or a leasing price of 5 percent of gross sales has been discussed. Which option would you recommend?

- C. The Ryans have an offer to sell their Colorado home for \$315,000. They could also trade it for some unimproved land in Nebraska worth \$255,000 and \$60,000 in cash. Both properties would be debt-free prior to the exchange. Which option would you recommend?
- D. Gerald inherited \$50,000 on March 3, 2006. He wants to invest it in one of the three following options:
- A family-owned corporation that pays an annual dividend rate of 5 percent. The agreement to purchase the stock requires that, should he ever wish to sell his stock, he must sell it to a member of the family at his original purchase price.
  - State of Oklahoma general obligation bonds that pay annual interest rate of 4 percent
  - A ten-year corporate bond that pays an annual interest rate of 8 percent.

Which option would you advise?

a Control number 2518		OMB No. 1545-0008		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
b Employer identification number (EIN) 76-1005034			1 Wages, tips, other compensation 41000.00		2 Federal income tax withheld 7380.00		
c Employer's name, address, and ZIP code BNSF Corp 1501 Jones Street Fort Worth, TX 76102			3 Social security wages 41000.00		4 Social security tax withheld 2542.00		
			5 Medicare wages and tips 41000.00		6 Medicare tax withheld 595.00		
			7 Social security tips		8 Allocated tips		
d Employee's social security number 499-45-4939			9 Advance EIC payment		10 Dependent care benefits		
e Employee's first name and initial      Last name  Gerald P.    Ryan  501 East Main Street Newton, KS 67114			11 Nonqualified plans		12a See instructions for box 12		
			13 Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b		
			14 Other		12c		
					12d		
f Employee's address and ZIP code			15 State      Employer's state ID number KS      10-4938		16 State wages, tips, etc. 41000.00		
			17 State income tax 1230.00		18 Local wages, tips, etc.		
					19 Local income tax		
					20 Locality name		

Form **W-2** Wage and Tax Statement  
 Copy C—For EMPLOYEE'S RECORDS. (See Notice to Employee on back of Copy B.)

2005

Department of the Treasury—Internal Revenue Service

Safe, accurate,  
FAST! Use





CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code <b>First Bank of Albuquerque 214 First Street, SW Albuquerque, NM 87102</b>		1 Gross distribution \$ <b>1920.00</b>	OMB No. 1545-0049 <b>2005</b> Form <b>1099-R</b>		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$	2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		
PAYER'S Federal identification number <b>76-2948572</b>	RECIPIENT'S identification number <b>499-45-4939</b>	3 Capital gain (entered in box 2a) \$	4 Federal income tax withheld \$		Copy C For Recipient's Records
RECIPIENT'S name <b>Gerald P. Ryan</b>		5 Employee contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) <b>501 Main Street</b>		7 Distribution code(s)	IRA-SEP- SIMPLE <input type="checkbox"/>	8 Other \$ %	This information is being furnished to the Internal Revenue Service.
City, state, and ZIP code <b>Newton, KS 67114</b>		9a Your percentage of total distribution %	9b Total employee contributions \$		
Account number (see instructions)		10 State tax withheld \$	11 State/Payer's state no.	12 State distribution \$	
		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$	

Form 1099-R

(keep for your records)

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code <b>Aeterna Insurance</b> <b>1003 South 9<sup>th</sup> Street</b> <b>Omaha, Nebraska 68108</b>		1 Gross distribution \$ <b>948.00</b>	OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
		2a Taxable amount \$	<b>2005</b>			
PAYER'S Federal identification number <b>76-4958112</b>		RECIPIENT'S identification number <b>499-45-4939</b>		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>	Copy C For Recipient's Records	
		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$			
RECIPIENT'S name <b>Gerald P. Ryan</b>  Street address (including apt. no.) <b>501 Main Street</b>  City, state, and ZIP code <b>Newton, Kansas 67114</b>		5 Employee contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$		
		7 Distribution code(s)	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %		This information is being furnished to the Internal Revenue Service.
		9a Your percentage of total distribution %		9b Total employee contributions \$		
Account number (see instructions)		10 State tax withheld \$		11 State/Payer's state no.	12 State distribution \$	
		13 Local tax withheld \$		14 Name of locality	15 Local distribution \$	

Form 1099-R

(keep for your records)

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code <b>First National Bank 555 16<sup>th</sup> Street St. Louis, MO 63103</b>		1 Gross distribution \$ <b>1700.00</b>	OMB No. 1545-0119 <b>2005</b> Form <b>1099-R</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		2a Taxable amount \$	2b Taxable amount not determined <input checked="" type="checkbox"/>		
PAYER'S Federal identification number <b>74-8956334</b>	RECIPIENT'S identification number <b>499-45-4939</b>	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$		This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name <b>Gerald P. Ryan</b>		5 Employee contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) <b>501 Main Street</b>		7 Distribution code(s)	IRA/ SEP/ SIMPLE <input type="checkbox"/>	8 Other \$	
City, state, and ZIP code <b>Newton, KS 67114</b>		9a Your percentage of total distribution %	9b Total employee contributions \$		
Account number (see instructions)		10 State tax withheld \$	11 State/Payer's state no.	12 State distribution \$	
		13 Local tax withheld \$	14 Name of locality	15 Local distribution \$	

Form 1099-R

(Keep for your records)

Department of the Treasury - Internal Revenue Service

PAYER'S Name and Address

Joseph Schwartz and Associates  
225 South Canal Street  
Chicago, IL 60661

Payer's Fed. ID no.: 74-1121134

RECIPIENT'S Name and Address

Gerald and Moira Ryan  
501 Main Street  
Newton, KS 67114

Recipient's ID no.: 499-45-4939

**TAX YEAR 2005**

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

**Copy B For Recipient**

Department of the Treasury - Internal Revenue Service  
**(Keep for your records)**

**FORM 1099-DIV • DIVIDENDS AND DISTRIBUTIONS • 2005**

(1a) Total ordinary dividends	(1b) Qualified dividends	(2a) Total capital gain distributions	(2b) Unrecap. sec. 1250 gain	(2d) Collectibles (28%) gain	(3) Nondividend distributions	(4) Federal income tax withheld	(6) Foreign tax paid
4000.00	3200.00	7000.00				0.00	

Form **1099 - DIV** (OMB No. 1545-0110)

TAX YEAR 2005

Form 1099  
(Keep for your records)

PAYER'S Name and Address

First National Bank of Newton  
1600 Kansas Street  
Newton, KS 67114

Fed. ID no.: 76-3357980

RECIPIENT'S Name and Address

Gerald Ryan  
501 Main Street  
Newton, KS 67114

Recipient's ID no.: 499-45-4939

Dividends and Distributions - 2005

Form 1099-DIV

Department of the Treasury - Internal Revenue Service

Copy B for Recipient (OMB No. 1545-0110)

<u>Box</u>	<u>Description</u>	<u>Amount</u>	<u>Total</u>
1a	Total Ordinary Dividends (includes amount shown in box 1b)		\$1300.00
1b	Qualified Dividends	\$1300.00	
2a	Total Capital Gain Distributions (Includes amount shown in boxes 2b, 2c, and 2d)		\$0.00
2b	Unrecap. Sec. 1250 Gain	\$0.00	
2c	Section 1202 Gain	\$0.00	
2d	Collectibles (28%) Gain	\$0.00	
3	Nondividend Distributions		\$0.00
4	<b>Federal Income Tax Withheld</b>		<b>\$0.00</b>
5	Investment Expenses		\$0.00
6	Foreign Tax Paid		\$0.00
8	Cash Liquidation Distributions		\$0.00
9	Noncash Liquidation Distributions		\$0.00

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

# FORM RRB-1099 - RAILROAD RETIREMENT BENEFIT STATEMENT

**2005**

● PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME  
 ● SEE THE REVERSE FOR MORE INFORMATION

Box 1. Name  
 Gerald P. Ryan

Box 2. Beneficiary's Social Security Number  
 499-45-4939

Box 3. Benefits Paid in 2005  
 2026.00

Box 4. Benefits Repaid to SSA in 2005  
 None

Box 5. Net Benefits for 2005 (Box 3 minus Box 4)  
 2026.00

DESCRIPTION OF AMOUNT IN BOX 3

Paid by check or direct deposit	2026.00
Medicare premiums deducted from your benefit	0.00
Total Additions	0.00
Benefits for 2005	2026.00

DESCRIPTION OF AMOUNT IN BOX 4

Not applicable

Box 6. Voluntary Federal Income Tax Withheld

None

Box 7. Address

Gerald P. Ryan  
 501 Main Street  
 Newton, KS 67114

Box 8. Claim Number (Use this number if you need to contact SSA)

499-45-4939A

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>First National Bank of Newton 1600 Kansas Street Newton, KS 67114</b>		Payer's RTN (optional)	OMB No. 1545-0112 <b>2005</b> Form 1099-INT	<b>Interest Income</b>
PAYER'S Federal identification number <b>76-3357980</b>	RECIPIENT'S identification number <b>499-45-4939</b>	1 Interest income not included in box 3 \$ <b>3200.00</b>		
RECIPIENT'S name <b>Gerald and Moira Ryan</b>		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	<b>Copy B For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) <b>501 Main Street</b>		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code <b>Newton, KS 67114</b>		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
Account number (see instructions)				

Form 1099-INT (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>Central Kansas Savings and Loan 5<sup>th</sup> and Holliday Sts Topeka, KS 66607</b>		Payer's RTN (optional)	OMB No. 1545-0112 <b>2005</b> Form 1099-INT	<b>Interest Income</b>
PAYER'S Federal identification number <b>76-7893456</b>	RECIPIENT'S identification number <b>455-49-9090</b>	1 Interest income not included in box 3 \$ <b>4700.00</b>		
RECIPIENT'S name <b>Moira Ryan</b>		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	<b>Copy B For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) <b>501 Main Street</b>		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code <b>Newton, KS 67114</b>		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
Account number (see instructions)				

Form 1099-INT (keep for your records) Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, and telephone number  First National Bank of Newton 1600 Kansas Street Newton, KS 67114		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	OMB No. 1545-0901  <b>2005</b>  Form 1098	<b>Mortgage Interest Statement</b>
RECIPIENT'S Federal identification no. 76-3357980	PAYER'S social security number 499-45-4939	1 Mortgage interest received from payer(s)/borrower(s) \$ 7200.00	<b>Copy B For Payer</b> The information in boxes 1, 2, and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.	
PAYER'S/BORROWER'S name  Gerald and Moira Ryan		2 Points paid on purchase of principal residence (See Box 2 on back.) \$		
Street address (including apt. no.) 501 Main Street		3 Refund of overpaid interest (See Box 3 on back.) \$		
City, state, and ZIP code Newton, Kansas 67114		4		
Account number (see instructions)				

Form 1098

(keep for your records)

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, and telephone number  First National Bank of Glenwood Springs 413 7 <sup>th</sup> Street Glenwood Springs, Colorado 81601		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	OMB No. 1545-0901  <b>2005</b>  Form 1098	<b>Mortgage Interest Statement</b>
RECIPIENT'S Federal identification no. 76-4563245	PAYER'S social security number 499-45-4939	1 Mortgage interest received from payer(s)/borrower(s) \$ 4000.00	<b>Copy B For Payer</b> The information in boxes 1, 2, and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.	
PAYER'S/BORROWER'S name  Gerald and Moira Ryan		2 Points paid on purchase of principal residence (See Box 2 on back.) \$		
Street address (including apt. no.) 501 Main Street		3 Refund of overpaid interest (See Box 3 on back.) \$		
City, state, and ZIP code Newton, Kansas 67114		4		
Account number (see instructions)				

Form 1098

(keep for your records)

Department of the Treasury - Internal Revenue Service



**Schedule K-1  
(Form 1120S)**

Department of the Treasury  
Internal Revenue Service

**2005**

For calendar year 2005, or tax  
year beginning \_\_\_\_\_, 2005  
ending \_\_\_\_\_, 20\_\_

Final K-1

Amended K-1

671105  
OMB No. 1545-0130

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

▶ See back of form and separate instructions.

**Part I Information About the Corporation**

A Corporation's employer identification number  
**76-0203456**

B Corporation's name, address, city, state, and ZIP code  
**Central Kansas Oilfield, Inc.  
3rd and Walnut  
Hutchinson, KS 67501**

C IRS Center where corporation filed return  
**Ogden, UT 84201**

D  Tax shelter registration number, if any \_\_\_\_\_  
E  Check if Form 8271 is attached

**Part II Information About the Shareholder**

F Shareholder's identifying number  
**499-45-4939**

G Shareholder's name, address, city, state and ZIP code  
**Gerald Ryan  
501 East Main  
Newton, KS 67114**

H Shareholder's percentage of stock ownership for tax year **20.00** %

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

1	Ordinary business income (loss)	13	Credits & credit recapture
	<b>2700</b>		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis
12	Other deductions		
		17	Other information

For IRS Use Only

\* See attached statement for additional information.