

B1 (Official Form 1)(4/10)

| | | |
|--|---|---|
| United States Bankruptcy Court Northern District of Florida | | Voluntary Petition |
| Name of Debtor (if individual, enter Last, First, Middle): Magnes Enterprises, Inc. | | Name of Joint Debtor (Spouse) (Last, First, Middle): |
| All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): DBA Domino's Pizza | | All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names): |
| Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) 59-3343156 | | Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) |
| Street Address of Debtor (No. and Street, City, and State): 3749 D Gulf Breeze Pkwy. Suite 343 Gulf Breeze, FL | | Street Address of Joint Debtor (No. and Street, City, and State): |
| ZIP Code 32563 | | ZIP Code |
| County of Residence or of the Principal Place of Business: Santa Rosa | | County of Residence or of the Principal Place of Business: |
| Mailing Address of Debtor (if different from street address): | | Mailing Address of Joint Debtor (if different from street address): |
| ZIP Code | | ZIP Code |
| Location of Principal Assets of Business Debtor (if different from street address above): 2703 Gulf Breeze Pkwy. Gulf Breeze, FL 32563 | | |
| Type of Debtor (Form of Organization) (Check one box) <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.) | Nature of Business (Check one box) <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other <hr/> Tax-Exempt Entity (Check box, if applicable) <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code). | Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box) <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding Nature of Debts (Check one box) <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts. |
| Filing Fee (Check one box) <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B. | | Chapter 11 Debtors Check one box: <input checked="" type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). Check if: <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 (amount subject to adjustment on 4/01/13 and every three years thereafter). Check all applicable boxes: <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b). |
| Statistical/Administrative Information <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors. | | THIS SPACE IS FOR COURT USE ONLY |
| Estimated Number of Creditors <input checked="" type="checkbox"/> 1-49 <input type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input type="checkbox"/> 200-999 <input type="checkbox"/> 1,000-5,000 <input type="checkbox"/> 5,001-10,000 <input type="checkbox"/> 10,001-25,000 <input type="checkbox"/> 25,001-50,000 <input type="checkbox"/> 50,001-100,000 <input type="checkbox"/> OVER 100,000 | | |
| Estimated Assets <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input checked="" type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion | | |
| Estimated Liabilities <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input checked="" type="checkbox"/> \$1,000,001 to \$50 million <input type="checkbox"/> \$10,000,001 to \$100 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion | | |

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Page 2

| | | | |
|---|--|--|-------------|
| Voluntary Petition <i>(This page must be completed and filed in every case)</i> | | Name of Debtor(s): Magnes Enterprises, Inc. | |
| All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet) | | | |
| Location Where Filed: - None - | | Case Number: | Date Filed: |
| Location Where Filed: | | Case Number: | Date Filed: |
| Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet) | | | |
| Name of Debtor: - None - | | Case Number: | Date Filed: |
| District: | | Relationship: | Judge: |
| Exhibit A (To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.) <input type="checkbox"/> Exhibit A is attached and made a part of this petition. | | Exhibit B (To be completed if debtor is an individual whose debts are primarily consumer debts.) I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b). X _____ Signature of Attorney for Debtor(s) (Date) | |
| Exhibit C Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety? <input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition. <input checked="" type="checkbox"/> No. | | | |
| Exhibit D (To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.) <input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition. If this is a joint petition: <input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition. | | | |
| Information Regarding the Debtor - Venue (Check any applicable box) <input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District. <input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District. <input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District. | | | |
| Certification by a Debtor Who Resides as a Tenant of Residential Property (Check all applicable boxes) <input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.) _____ (Name of landlord that obtained judgment) _____ (Address of landlord) <input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and <input type="checkbox"/> Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition. <input type="checkbox"/> Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)). | | | |

| | |
|---|---|
| <p>Voluntary Petition</p> <p><i>(This page must be completed and filed in every case)</i></p> | <p>Name of Debtor(s): Magnes Enterprises, Inc.</p> |
| Signatures | |
| <p>Signature(s) of Debtor(s) (Individual/Joint)</p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct. [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7. [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).</p> <p>I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.</p> <p>X _____ Signature of Debtor</p> <p>X _____ Signature of Joint Debtor</p> <p>_____ Telephone Number (If not represented by attorney)</p> <p>_____ Date</p> | <p>Signature of a Foreign Representative</p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.</p> <p>(Check only one box.)</p> <p><input type="checkbox"/> I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.</p> <p><input type="checkbox"/> Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.</p> <p>X _____ Signature of Foreign Representative</p> <p>_____ Printed Name of Foreign Representative</p> <p>_____ Date</p> |
| <p>Signature of Attorney*</p> <p>X <u>/s/ John E. Venn, Jr.</u> Signature of Attorney for Debtor(s)</p> <p><u>John E. Venn, Jr. 184992</u> Printed Name of Attorney for Debtor(s)</p> <p><u>John E. Venn, Jr., P.A.</u> Firm Name</p> <p><u>220 W. Garden St.</u> <u>Suite 603</u> <u>Pensacola, FL 32502</u> Address</p> <p style="text-align: right;">Email: JohnEVennJrPA@aol.com</p> <p><u>(850) 438-0005 Fax: (850) 438-1881</u> Telephone Number</p> <p><u>April 5, 2011</u> Date</p> <p><small>*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.</small></p> | <p>Signature of Non-Attorney Bankruptcy Petition Preparer</p> <p>I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.</p> <p>_____ Printed Name and title, if any, of Bankruptcy Petition Preparer</p> <p>_____ Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.)(Required by 11 U.S.C. § 110.)</p> <p>_____ Address</p> <p>X _____ Date</p> <p>Signature of Bankruptcy Petition Preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.</p> <p>Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:</p> <p>_____ If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.</p> <p><i>A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.</i></p> |
| <p>Signature of Debtor (Corporation/Partnership)</p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.</p> <p>The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.</p> <p>X <u>/s/ Scott J. Magnes</u> Signature of Authorized Individual</p> <p><u>Scott J. Magnes</u> Printed Name of Authorized Individual</p> <p><u>President</u> Title of Authorized Individual</p> <p><u>April 5, 2011</u> Date</p> | |

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

Form **1120S**

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

2010

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

For calendar year 2010 or tax year beginning _____, 2010, ending _____, 20

| | | |
|--|--|--|
| A S election effective date 11-15-1995 | Name MAGNES ENTERPRISES INC | D Employer identification number 59-3343156 |
| B Business activity code number (see instructions) 722210 | TYPE OR PRINT 3749D gulf breeze pkwy 343 City or town, state, and ZIP code | E Date incorporated 11-15-1995 |
| C Check if Sch. M-3 attached <input type="checkbox"/> | Gulf Breeze FL 32563 | F Total assets (see instructions) \$ 99,525 |

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year **1**

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

| | | |
|---|---|--------------------------|
| Income | 1 a Gross receipts or sales 715,629 b Less returns and allowances 0 c Net 715,629 | 1c 715,629 |
| | 2 Cost of goods sold (Schedule A, line 8) | 2 227,609 |
| | 3 Gross profit. Subtract line 2 from line 1c | 3 488,020 |
| | 4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) | 4 |
| | 5 Other income (loss) (see instructions - attach statement) Statement # 1 | 5 117,166 |
| | 6 Total income (loss). Add lines 3 through 5 | 6 605,186 |
| Deductions (see instructions for limitations) | 7 Compensation of officers | 7 3,150 |
| | 8 Salaries and wages (less employment credits) | 8 169,463 |
| | 9 Repairs and maintenance | 9 4,485 |
| | 10 Bad debts | 10 72 |
| | 11 Rents | 11 1,461 |
| | 12 Taxes and licenses ATTY STL | 12 19,618 |
| | 13 Interest | 13 26,071 |
| | 14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562) | 14 11,900 |
| | 15 Depletion (Do not deduct oil and gas depletion.) | 15 |
| | 16 Advertising | 16 39,358 |
| | 17 Pension, profit-sharing, etc., plans | 17 |
| 18 Employee benefit programs | 18 | |
| 19 Other deductions (attach statement) Statement # 2 | 19 216,154 | |
| 20 Total deductions. Add lines 7 through 19 | 20 491,732 | |
| 21 Ordinary business income (loss). Subtract line 20 from line 6 | 21 113,454 | |
| Tax and Payments | 22a Excess net passive income or LIFO recapture tax (see instructions) | 22a |
| | b Tax from Schedule D (Form 1120S) | 22b |
| | c Add lines 22a and 22b (see instructions for additional taxes) | 22c |
| | 23a 2010 estimated tax payments and 2009 overpayment credited to 2010 | 23a |
| | b Tax deposited with Form 7004 | 23b |
| | c Credit for federal tax paid on fuels (attach Form 4136) | 23c |
| | d Add lines 23a through 23c | 23d |
| | 24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | 24 |
| | 25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed | 25 |
| | 26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid | 26 |
| 27 Enter amount from line 26 Credited to 2011 estimated tax Refunded | 27 | |

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 taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

scott magnes 03-31-2011 **president**
Signature of officer Date Title

| | | | | |
|-------------------------------|---|----------------------|---------------------------------|---------------------------------------|
| Paid Preparer Use Only | Print preparer's name DANIEL GROSSMAN | Preparer's signature | Date 03-31-2011 | Check <input type="checkbox"/> If FTN |
| | Firm's name D S MANAGEMENT SERVICES INC | | self-employed | PTIN P00772644 |
| | Firm's address 9116 GRIFFIN RD COOPER CITY FL 33328 | | Firm's EIN 65-0361722 | Phone no. (954) 680-7759 |

Schedule A Cost of Goods Sold (see instructions)

| | | | |
|---|--|---|---------|
| 1 | Inventory at beginning of year | 1 | 3,203 |
| 2 | Purchases | 2 | 229,884 |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach statement) | 4 | |
| 5 | Other costs (attach statement) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | 233,087 |
| 7 | Inventory at end of year | 7 | 5,478 |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 227,609 |

9 a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
 (ii) Lower of cost or market as described in Regulations section 1.471-4
 (iii) Other (Specify method used and attach explanation.)
 b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)
 c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)
 d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d**
 e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No
 f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
 If "Yes," attach explanation.

Schedule E Other Information (see instructions)

| | Yes | No |
|--|-----|----|
| 1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) | | |
| 2 See the instructions and enter the: a Business activity PIZZA DELIVERY b Product or service SERVICE | | |
| 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a qualified subchapter S subsidiary election made? | | X |
| 4 Has this corporation filed, or is it required to file, Form 8818, Material Advisor Disclosure Statement, to provide information on any reportable transaction? | | |
| 5 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has not unrecaptured built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) \$ | | |
| 7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ | | |
| 8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1 | | X |
| 9 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions. | | |

Schedule K Shareholders' Pro Rata Share Items

| | Total amount |
|---|--------------|
| 1 Ordinary business income (loss) (page 1, line 21) | 1 113,454 |
| 2 Not rental real estate income (loss) (attach Form 8825) | 2 |
| 3a Other gross rental income (loss) | 3a |
| b Expenses from other rental activities (attach statement) | 3b |
| c Other net rental income (loss). Subtract line 3b from line 3a | 3c |
| 4 Interest income | 4 |
| 5 Dividends: a Ordinary dividends | 5a |
| b Qualified dividends | 5b |
| 6 Royalties | 6 |
| 7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 7 |
| 8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) | 8a |
| b Collectibles (28%) gain (loss) | 8b |
| c Unrecaptured section 1250 gain (attach statement) | 8c |
| 9 Net section 1291 gain (loss) (attach Form 4797) | 9 |
| 10 Other income (loss) (see instructions) Type | 10 |

| | | Shareholders' Pro Rata Share Items (continued) | Total amount |
|-------------------------------------|--|--|--------------|
| Deductions | 11 | Section 179 deduction (attach Form 4582) | 11 |
| | 12a | Contributions | 12a |
| | b | Investment interest expense | 12b |
| | c | Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶ | 12c(2) |
| | d | Other deductions (see instructions) Type ▶ | 12d |
| Credits | 13a | Low-income housing credit (section 42(j)(5)) | 13a |
| | b | Low-income housing credit (other) | 13b |
| | c | Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) | 13c |
| | d | Other rental real estate credits (see instructions) Type ▶ | 13d |
| | e | Other rental credits (see instructions) Type ▶ | 13e |
| | f | Alcohol and cellulose biofuel fuels credit (attach Form 8478) | 13f |
| | g | Other credits (see instructions) Type ▶ Statement # 12 | 13g |
| | | | 3,657 |
| Foreign Transactions | 14a | Name of country or U.S. possession ▶ | |
| | b | Gross income from all sources | 14b |
| | c | Gross income sourced at shareholder level Foreign gross income sourced at corporate level | 14c |
| | d | Passive category | 14d |
| | e | General category | 14e |
| | f | Other (attach statement) | 14f |
| | g | Deductions allocated and apportioned at shareholder level Interest expense | 14g |
| | h | Other | 14h |
| | i | Deductions allocated and apportioned at corporate level to foreign source income Passive category | 14i |
| | j | General category | 14j |
| | k | Other (attach statement) | 14k |
| | l | Other information | |
| | l | Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | 14l |
| m | Reduction in taxes available for credit (attach statement) | 14m | |
| n | Other (foreign tax information) (attach statement) | | |
| Alternative Minimum Tax (AMT) Items | 15a | Post-1986 depreciation adjustment | 15a |
| | b | Adjusted gain or loss | 15b |
| | c | Depletion (other than oil and gas) | 15c |
| | d | Oil, gas, and geothermal properties-gross income | 15d |
| | e | Oil, gas, and geothermal properties-deductions | 15e |
| | f | Other AMT items (attach statement) | 15f |
| Items Affecting Shareholder Basis | 16a | Tax-exempt interest income | 16a |
| | b | Other tax-exempt income | 16b |
| | c | Nondeductible expenses | 16c |
| | d | Distributions (attach statement if required) (see instructions) | 16d |
| | e | Repayment of loans from shareholders | 16e |
| Other Information | 17a | Investment income | 17a |
| | b | Investment expenses | 17b |
| | c | Dividend distributions paid from accumulated earnings and profits | 17c |
| | d | Other items and amounts (attach statement) | |
| Reconciliation | 18 | Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14i | 18 |
| | | | 113,454 |

| Schedule L | Balance Sheets per Books | Beginning of tax year | | End of tax year | |
|---|--|-----------------------|-----------|-----------------|-----------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 400 | | 45,448 |
| 2 a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | | () | |
| 3 | Inventories | | 3,203 | | 5,478 |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see Instructions) | | | | |
| 6 | Other current assets (attach statement) | | | | |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach statement) | | | | |
| 10 a | Buildings and other depreciable assets | 175,000 | | 175,000 | |
| b | Less accumulated depreciation | (135,000) | 40,000 | (146,900) | 28,100 |
| 11 a | Depletable assets | | | | |
| b | Less accumulated depletion | () | | () | |
| 12 | Land (net of any amortization) | | | | |
| 13 a | Intangible assets (amortizable only) | 4,750 | | 4,750 | |
| b | Less accumulated amortization | (4,750) | | (4,750) | |
| 14 | Other assets (attach statement) | 20,499 | | | 20,499 |
| 15 | Total assets | | 64,102 | | 99,525 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 3,463 | | 7,482 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | 20,271 | | 2,621 |
| 18 | Other current liabilities (attach statement) | | | | |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | 201,871 | | 200,331 |
| 21 | Other liabilities (attach statement) | | | | |
| 22 | Capital stock | | 7,155 | | 7,155 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings | | (168,658) | | (118,064) |
| 25 | Adjustments to shareholders' equity (attach statement) | | | | |
| 26 | Less cost of treasury stock | () | | () | |
| 27 | Total liabilities and shareholders' equity | | 64,102 | | 99,525 |

| Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return | | | | |
|---|---|---------|---|--|
| Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more-see instructions | | | | |
| 1 | Net income (loss) per books | 109,797 | 5 | Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize): |
| 2 | Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): | | a | Tax-exempt interest \$ |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize): | | 6 | Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize): |
| a | Depreciation \$ | | a | Depreciation \$ |
| b | Travel and entertainment \$ | | 7 | Add lines 5 and 6 |
| | Statement # 25 3,657 | 3,657 | b | Income (loss) (Schedule K, line 18). |
| 4 | Add lines 1 through 3 | 113,454 | | Line 4 less line 7 |
| | | | | 113,454 |

| Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see Instructions) | | | |
|---|---|-------------------------------|---|
| | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
| 1 | Balance at beginning of tax year | 32,408 | |
| 2 | Ordinary income from page 1, line 21 | 113,454 | |
| 3 | Other additions | | |
| 4 | Loss from page 1, line 21 | () | |
| 5 | Other reductions | 3,657 | |
| 6 | Combine lines 1 through 5 | 142,205 | |
| 7 | Distributions other than dividend distributions | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | 142,205 | |

671110

OMB No. 1545-0047

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

Department of the Treasury
Internal Revenue Service

For calendar year 2010, or tax year beginning _____, 2010
ending _____, 2010

2010

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

▶ See page 2 of form and separate instructions.

| Part III | | Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items | |
|----------|--------------------------------------|--|-------------------------------------|
| 1 | Ordinary business income (loss) | 13 | Credits |
| | 113,454 | N | 3,657 |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other rental income (loss) | | |
| 4 | Interest income | | |
| 5a | Ordinary dividends | | |
| 5b | Qualified dividends | 14 | Foreign tax credits |
| 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 |
| | | C | 3,657 |
| 12 | Other deductions | | |
| | | 17 | Other information |

Part I Information About the Corporation

A Corporation's employer identification number
59-3343156

B Corporation's name, address, city, state, and ZIP code
MAGNES ENTERPRISES INC
3749D gulf breeze pkwy 343
Gulf Breeze FL 32563

C IRS Center where corporation filed return
OGDEN

Part II Information About the Shareholder

D Shareholder's identifying number
[REDACTED] 3600

E Shareholder's name, address, city, state, and ZIP code
SCOTT MAGNES
2961 coral strip parkway
Gulf Breeze FL 32563

F Shareholder's percentage of stock ownership for tax year
100.00000 %

FOR YOUR USE ONLY

* See attached statement for additional information.

Form **8846**

**Credit for Employer Social Security and Medicare Taxes
Paid on Certain Employee Tips**

CMB No. 154E-1411

2010

Attachment
Sequence No. **98**

Department of the Treasury
Internal Revenue Service

▶ **Attach to your tax return.**

Name(s) shown on return

Identifying number

MAGNES ENTERPRISES INC

59-3343156

Note. Claim this credit **only** for social security and Medicare taxes paid by a food or beverage establishment where tipping is customary for providing food or beverages. See the instructions for line 1.

| | | | |
|-----------|---|-----------|---------------|
| 1 | Tips received by employees for services on which you paid or incurred employer social security and Medicare taxes during the tax year (see instructions) | 1 | <u>47,807</u> |
| 2 | Tips not subject to the credit provisions (see instructions) | 2 | |
| 3 | Creditable tips. Subtract line 2 from line 1 | 3 | <u>47,807</u> |
| 4 | Multiply line 3 by 7.65% (.0765). If you had any tipped employees whose wages (including tips) exceeded \$106,800, or were exempt from social security taxes, see instructions and check here ▶ | 4 | <u>3,657</u> |
| 5 | Credit for employer social security and Medicare taxes paid on certain employee tips from partnerships and S corporations | 5 | |
| 6 | Add lines 4 and 5. Partnerships and S corporations, report this amount on Schedule K; all others, go to line 7 | 6 | <u>3,657</u> |
| 7 | Credit for employer social security and Medicare taxes paid on certain employee tips included on line 6 from passive activities (see instructions) | 7 | |
| 8 | Subtract line 7 from line 6 | 8 | |
| 9 | Credit for employer social security and Medicare taxes paid on certain employee tips allowed for 2010 from passive activities (see instructions) | 9 | |
| 10 | Carryforward of the credit for employer social security and Medicare taxes paid on certain employee tips that originated in a tax year that began after 2006 (see instructions) | 10 | |
| 11 | Carryback of the credit for employer social security and Medicare taxes paid on certain employee tips from 2011 (see instructions) | 11 | |
| 12 | Add lines 8 through 11. Report this amount on Form 3800, line 29f | 12 | |

| Federal Supporting Statements | | 2010 | PG01 |
|-------------------------------|--|-----------------------|------|
| Name(s) as shown on return | | FEIN | |
| MAGNES ENTERPRISES INC | | 59-3343156 | |
| <u>Form 1120S Line 5</u> | | Statement # 1 | |
| <u>Description</u> | | <u>Amount</u> | |
| BP FUNDS | | 117,166 | |
| Total | | <u>117,166</u> | |
| <u>Form 1120S Line 19</u> | | PG01 Statement # 2 | |
| <u>Description</u> | | <u>Amount</u> | |
| Accounting | | 4,225 | |
| Automobile and Truck Expense | | 17,675 | |
| Bank Charges | | 1,442 | |
| Cash Short/Over | | 1,938 | |
| Cell Phone | | 5,594 | |
| Computer | | 4,013 | |
| Credit and Collection Costs | | 4,359 | |
| Delivery | | 32,674 | |
| Education and Training | | 217 | |
| Liability Insurance | | 19,999 | |
| Other Insurance | | 6,706 | |
| Workers Comp Insurance | | 8,419 | |
| Legal and Professional | | 7,888 | |
| Marketing | | 14,727 | |
| Office Expense | | 5,093 | |
| Postage/Shipping | | 242 | |
| Printing | | 1,279 | |
| Security | | 463 | |
| Supplies | | 3,635 | |
| Telephone | | 7,551 | |
| Travel | | 2,267 | |
| Uniforms | | 333 | |
| Utilities | | 23,662 | |
| Waste Removal | | 4,874 | |
| PEST CONTROL | | 607 | |
| ROYALTIES | | 39,358 | |
| DNC REBATE | | (3,086) | |
| Total | | <u>216,154</u> | |

1120S TAX RETURN COMPARISON
2008 / 2009 / 2010

2010

| | |
|---|----------------------------------|
| Name(s) as shown on return MAGNES ENTERPRISES INC | Identifying number 59-3343156 |
|---|----------------------------------|

| | 2008 FEDERAL | 2009 FEDERAL | 2010 FEDERAL | DIFFERENCE BETWEEN 2008 & 2010 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------------------------|
| Income | | | | |
| Net receipts | 928,304 | 817,521 | 715,629 | (101,892) |
| Cost of goods sold | 295,266 | 261,316 | 227,609 | (33,707) |
| Gross profit | 633,038 | 556,205 | 488,020 | (68,185) |
| Net gain/loss from 4797 | | | | |
| Other income | | | 117,166 | 117,166 |
| Total income | 633,038 | 556,205 | 605,186 | 48,981 |
| Deductions | | | | |
| Compensation of officers | 46,115 | | 3,150 | 3,150 |
| Salaries and wages | 228,187 | 202,255 | 169,463 | (32,792) |
| Repairs and maintenance | 14,997 | 2,939 | 4,485 | 1,546 |
| Bad debts | | 1,531 | 72 | (1,459) |
| Rents | 28,892 | 22,444 | 1,461 | (20,983) |
| Taxes and licenses | 30,098 | 21,062 | 19,618 | (1,444) |
| Interest | 1,883 | 32,209 | 26,071 | (6,138) |
| Net depreciation | 5,168 | 5,168 | 11,900 | 6,732 |
| Depletion | | | | |
| Advertising | 73,635 | 39,691 | 39,358 | (333) |
| Pension, profit-sharing | | | | |
| Employee benefits | | | | |
| Other deductions | 212,235 | 193,942 | 216,154 | 22,212 |
| Total deductions | 641,210 | 521,241 | 491,732 | (29,509) |
| Ordinary business income(loss) | (8,172) | 34,964 | 113,454 | 78,490 |
| Tax | | | | |
| Total tax | | | | |
| Payments | | | | |
| Estimated taxes paid | | | | |
| Total payments line 23d | | | | |
| Results | | | | |
| Amount owed | | | | |
| Overpayment | | | | |
| Applied to estimate | | | | |
| Refund | | | | |

SCHEDULE K - Shareholder's Share Items

| | 2008 | 2009 | 2010 | DIFFERENCE |
|--|---------|-----------|---------|------------|
| Income | | | | |
| Ordinary business income (loss) | (8,172) | 34,964 | 113,454 | 78,490 |
| Net rental real estate income (loss) | | | | |
| Other net rental income (loss) | | | | |
| Interest income | | | | |
| Ordinary dividends | | | | |
| Qualified dividends | | | | |
| 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) | | (139,068) | | 139,068 |
| Other income (loss) | | | | |

2008 2009 2010 DIFFERENCE

1120S TAX RETURN COMPARISON
2008 / 2009 / 2010

2010

Page 2

Name(s) as shown on return

MAGNES ENTERPRISES INC

Identifying number

59-3343156

| | 2008 FEDERAL | 2009 FEDERAL | 2010 FEDERAL | DIFFERENCE BETWEEN 2009 & 2010 |
|--|-----------------|-----------------|-----------------|-----------------------------------|
| Deductions | | | | |
| Section 179 deduction | | | | |
| Contributions | | | | |
| Investment interest expense | | | | |
| Section 59(e)(2) expenditures | | | | |
| Other deductions | | | | |
| Credits | | | | |
| Low-income housing credit (section 42(j)(5)) | | | | |
| Low-income housing credit (other) | | | | |
| Qualified rehabilitation expenditures (rental real estate) | | | | |
| Other rental real estate credits | | | | |
| Other rental credits | | | | |
| Credit for alcohol used as fuel | | | | |
| Other credits | 3,183 | 2,362 | 3,657 | 1,295 |
| Foreign Transactions | | | | |
| Gross income from all sources | | | | |
| Gross income sourced at shareholder level | | | | |
| Foreign gross income sources at corporate level | | | | |
| Passive category | | | | |
| General categories | | | | |
| Other | | | | |
| Deductions allocated and apportioned at shareholder level | | | | |
| Interest expense | | | | |
| Other | | | | |
| Deductions allocated & apportioned at corp. level to foreign source inc. | | | | |
| Passive category | | | | |
| General categories | | | | |
| Other | | | | |
| Total foreign taxes paid or accrued | | | | |
| Reduction in taxes available for credit | | | | |
| Alternative Minimum Tax (AMT) Items | | | | |
| Post-1986 depreciation adjustment | | | | |
| Adjusted gain or loss | | | | |
| Depletion | | | | |
| Oil, gas, and geothermal properties - gross income | | | | |
| Oil, gas, and geothermal properties - deductions | | | | |
| Other AMT items | | | | |
| Items Affecting Shareholder Basis | | | | |
| Tax-exempt interest income | | | | |
| Other tax-exempt income | | | | |
| Nondeductible expenses | 3,183 | 2,362 | 3,657 | 1,295 |
| Property distributions | | | | |
| Repayment of loans from shareholders | | | | |
| Other Information | | | | |
| Investment income | | | | |
| Investment expenses | | | | |
| Dividend distributions paid from accum. earnings and profits | | | | |
| RESIDENT STATE | | | | |
| | FL | FL | | |
| Taxable income | | | | |
| Total tax | | | | |
| Overpayment | | | | |
| Balance due | | | | |
| | 2008 | 2009 | 2010 | DIFFERENCE |

WAGNER ENTERPRISES, INC.

For the Three Periods Ending March 27, 2011

| | 2011 Current Period | % of Net Sales | 2010 Last Year | % of Net Sales | 2011 YTD | % of Net Sales | 2010 YTD | % of Net Sales | |
|----------------------------|------------------------------|-------------------|----------------------|-------------------|-------------|-------------------|-------------|-------------------|--------|
| SALES | | | | | | | | | |
| 4110 | FOOD SALES - DELIVERY | \$55,486.52 | 80.0% | \$51,220.90 | 86.1% | \$141,248.77 | 88.2% | \$141,214.59 | 87.1% |
| 4120 | FOOD SALES - CARRYOUT | 10,375.36 | 16.8% | 10,695.41 | 18.4% | 30,713.20 | 19.2% | 31,826.20 | 19.5% |
| 5135 | SALES TAX | (3,882.68) | (5.8%) | (3,661.26) | (6.5%) | (10,056.64) | (6.3%) | (10,299.68) | (6.3%) |
| 4130... | BAD ORDERS/COUNTONS | (347.16) | (0.5%) | (79.20) | (0.1%) | (2,148.12) | (1.3%) | (293.64) | (0.2%) |
| | TOTAL ROYALTY SALES | 61,631.86 | 100.0% | 58,135.76 | 100.0% | 159,744.21 | 100.0% | 167,247.37 | 100.0% |
| 4505 | DNC | 15,708.15 | 31.0% | 16,555.03 | 28.5% | 50,270.78 | 31.5% | 48,147.10 | 28.4% |
| 4610 | COKE | 636.65 | 1.4% | 1,043.95 | 1.8% | 2,538.00 | 1.6% | 1,516.22 | 0.9% |
| | TOTAL COST OF FOOD SALES | 19,844.80 | 32.4% | 17,639.98 | 30.3% | 52,808.78 | 33.1% | 47,665.72 | 28.4% |
| 5110 | INSIDE | 5,805.83 | 9.1% | 3,657.12 | 6.1% | 16,729.02 | 9.8% | 9,180.22 | 5.6% |
| 5130 | DRIVER | 7,511.69 | 11.6% | 7,156.81 | 12.3% | 19,680.52 | 12.3% | 20,007.73 | 12.3% |
| 5150 | MITTS | 786.87 | 1.3% | 2,748.58 | 4.7% | 2,197.75 | 1.4% | 6,081.59 | 3.6% |
| | TOTAL COST OF LABOR | 13,652.49 | 22.0% | 13,470.61 | 25.2% | 37,678.29 | 23.2% | 37,229.50 | 22.9% |
| 5530 | WORKMEN'S COMP | 652.00 | 1.0% | | | 1,154.00 | 0.7% | | |
| 6340 | GROUP HEALTH | 64.00 | 0.1% | | | 273.00 | 0.2% | | |
| 6525 | FICA EXPENSE | 1,559.21 | 2.6% | 1,258.95 | 2.2% | 4,628.79 | 2.9% | 5,487.28 | 3.3% |
| 631-0... | UNEMPLOYMENT TAXES | 682.50 | 1.1% | 324.84 | 0.6% | 2,159.05 | 1.4% | 989.67 | 0.6% |
| 6425 | DRIVER MILEAGE | 3,541.45 | 5.5% | 2,661.65 | 4.8% | 8,025.55 | 5.0% | 7,601.49 | 4.7% |
| 6655 | ADVERTISING-DIPI | 3,382.40 | 5.5% | 3,197.47 | 5.5% | 8,753.51 | 5.5% | 9,322.93 | 5.5% |
| 6810 | LOCAL STORE MARKETING | 1,013.72 | 1.6% | 2,152.27 | 3.6% | 2,952.12 | 1.8% | 4,584.65 | 2.8% |
| 5730 | PRINTING | | | 816.98 | 1.4% | 125.20 | 0.1% | 1,110.93 | 0.7% |
| 6640 | MVRS | 152.61 | 0.2% | 64.87 | 0.1% | 575.84 | 0.2% | 217.33 | 0.1% |
| 6740 | UNIFORMS | (7.85) | (0.0%) | 454.91 | 0.8% | 255.42 | 0.2% | 458.91 | 0.3% |
| 6725 | SUPPLIES | 82.38 | 0.1% | 60.10 | 0.1% | 125.76 | 0.1% | 409.50 | 0.2% |
| 572-0... | POSTAGE | | | 44.00 | 0.1% | 10.84 | 0.0% | 63.90 | 0.0% |
| 6750 | TRASH REMOVAL | | | 628.15 | 1.1% | | | 84.174 | 0.0% |
| 5770 | PEST CONTROL | | | 129.11 | 0.2% | 47.83 | 0.0% | 223.97 | 0.1% |
| 5785 | OPERATIONAL SUPPLIES | | | 2,787.52 | 4.8% | 75.38 | 0.0% | 2,787.52 | 1.7% |
| 7630 | ROYALTIES | 3,382.40 | 5.5% | 3,197.47 | 5.5% | 8,788.51 | 5.5% | 8,922.59 | 5.5% |
| | TOTAL VARIABLE COSTS | 27,857.21 | 45.2% | 21,272.75 | 36.8% | 75,381.39 | 47.2% | 77,321.65 | 47.7% |
| | CONTRIBUTION MARGIN | 13,824.87 | 22.4% | 9,224.09 | 15.9% | 31,407.46 | 19.7% | 37,259.60 | 23.5% |
| FIXED COSTS | | | | | | | | | |
| 6250 | INCENTIVE BONUS | | | 183.00 | 0.3% | | | 179.00 | 0.1% |
| 6910 | PHONE | 419.83 | 0.7% | 267.30 | 0.5% | 950.50 | 0.6% | 2,269.67 | 1.4% |
| 5940 | GAS | 350.00 | 0.6% | | | 1,183.23 | 0.7% | | |
| 5950 | ELECTRIC | | | 1,625.74 | 2.8% | 1,608.79 | 1.0% | 3,220.07 | 2.0% |
| 5980 | WATER | 182.43 | 0.3% | 983.10 | 1.7% | 485.34 | 0.3% | 2,519.91 | 1.6% |
| 600-0... | RENT | 189.63 | 0.3% | 109.69 | 0.2% | 325.89 | 0.2% | 325.09 | 0.2% |
| 660-0... | ACCOUNTING SERVICES | 350.00 | 0.6% | 325.00 | 0.6% | 1,052.20 | 0.7% | 875.00 | 0.5% |
| 602-0... | COMPUTER EQUIPMENT | 65.88 | 0.1% | 470.00 | 0.8% | 1,229.46 | 0.8% | 470.00 | 0.3% |
| 682-0... | P.P. TAX/REAL ESTATE TAXES | | | | | 1,783.71 | 1.1% | | |
| 6900 | SICURE INSURANCE | 1,062.73 | 1.7% | | | 2,137.46 | 1.3% | | |
| 751-0... | BAD CHECKS/RECOVERY | (24.19) | (0.0%) | (157.49) | (0.3%) | (108.52) | (0.1%) | (171.51) | (0.1%) |
| 7530 | CASH (OVERSHORT) | 61.19 | 0.1% | 90.78 | 0.2% | 57.11 | 0.0% | 546.37 | 0.3% |
| 7552 | BANK CHARGES | 108.87 | 0.2% | | | 339.92 | 0.2% | 480.45 | 0.3% |
| 7563 | CREDIT CARD FEES | 892.58 | 1.5% | 31.26 | 0.1% | 1,418.54 | 0.9% | 716.84 | 0.4% |
| 8305 | REPAIRS | 1,434.19 | 2.3% | 871.32 | 1.2% | 2,043.71 | 1.3% | 1,548.13 | 1.0% |
| 760-0... | LICENSES/PERMITS/RECRUITMENT | | | | | 150.00 | 0.1% | 350.00 | 0.2% |
| 8830 | LEGAL | | | | | 59,875.00 | 38.5% | | |
| 7570 | SECURITY SERVICES | | | | | 121.45 | 0.1% | 115.00 | 0.1% |
| 7650 | DOUGH RAISER/DONATIONS | 201.82 | 0.3% | | | 425.01 | 0.3% | 68.57 | 0.0% |
| 4915 | DNC REBATE | (1,235.42) | (2.0%) | | | (2,108.08) | (1.3%) | | |
| 7895 | PENALTIES/FINES | 13.57 | 0.0% | | | 18.67 | 0.0% | | |
| | TOTAL FIXED COSTS | 2,922.53 | 4.4% | 4,585.70 | 7.9% | 43,804.50 | 27.5% | 13,532.63 | 8.3% |
| | STORE EBITDA | 8,907.57 | 14.1% | 4,638.33 | 8.0% | (12,108.85) | (7.8%) | 23,727.27 | 14.6% |
| OFFICE EXPENSES | | | | | | | | | |
| 5120 | OFFICER SALARY | 2,800.00 | 4.2% | | | 7,200.00 | 4.6% | | |
| 541-0... | SUPERVISOR VEHICLE | 505.73 | 0.8% | 545.13 | 0.9% | 3,061.82 | 1.9% | 2,602.24 | 1.6% |
| 692-0... | CELL PHONE | | | 538.60 | 0.9% | 281.67 | 0.2% | 1,357.49 | 0.8% |
| | TOTAL OFFICE EXPENSES | 3,105.73 | 5.0% | 1,588.63 | 2.8% | 11,743.49 | 7.4% | 3,936.73 | 2.4% |
| NON-OPERATING COSTS | | | | | | | | | |
| 612-0... | DEP-EQUIPMENT | | | | | | | 1,900.00 | 1.2% |
| 6420 | INTEREST EXPENSE | 1,797.73 | 2.9% | 2,500.00 | 4.3% | 2,740.02 | 1.7% | 5,300.00 | 3.3% |
| | | 1,797.73 | 2.9% | 2,500.00 | 4.3% | 2,740.02 | 1.7% | 7,200.00 | 4.4% |
| | NET INCOME (LOSS) | 4,736.66 | 7.8% | 454.70 | 0.8% | (27,650.36) | (17.5%) | 12,587.54 | 7.8% |

MAGNES ENTERPRISES, INC.

For the Three Periods Ending March 27, 2011

ASSETS

CURRENT ASSETS

| | |
|--------------|------------------|
| Cash | |
| Till | \$400.00 |
| REGIONS BANK | 36,496.95 |
| Total Cash | <u>36,896.95</u> |

Prepaid Expenses

| | |
|-------------------------|-------------------|
| Other Receivables | 103.51 |
| Twomays Loan Receivable | (4,246.02) |
| Total Prepaid | <u>(4,142.51)</u> |

| | |
|-----------------|-----------------|
| Inventory | 4,385.63 |
| Total Inventory | <u>4,385.63</u> |

| | |
|----------------------|------------------|
| Total Current Assets | <u>37,120.07</u> |
|----------------------|------------------|

| | |
|------------------------|--------------|
| Fixed Assets | |
| Leasehold Improvements | 42,514.57 |
| Equipment | 132,485.43 |
| Accum. Dep. Equipment | (136,900.00) |

| | |
|----------------|------------------|
| NET BOOK VALUE | <u>38,100.00</u> |
|----------------|------------------|

| | |
|--------------------------|------------|
| Other Assets | |
| Security Deposits | 20,498.75 |
| Franchise Fee | 4,750.00 |
| Accum. Am. Franchise Fee | (4,750.00) |

| | |
|--------------------|------------------|
| Total Other Assets | <u>20,498.75</u> |
|--------------------|------------------|

| | |
|--------------|------------------|
| Total Assets | <u>95,718.82</u> |
|--------------|------------------|

LIABILITIES AND EQUITY

| | |
|------------------------|----------|
| Accounts Payable | 8,702.37 |
| Accrued Sales Tax | 4,196.40 |
| FICA Withheld/Accrued | (0.06) |
| SUTA-Florida | 1,496.30 |
| Accrued Futa | 157.95 |
| Accrued Other Expenses | (484.00) |
| Accrued Worker's Comp | 2,000.00 |

| | |
|---------------------------|------------------|
| Total Current Liabilities | <u>14,958.96</u> |
|---------------------------|------------------|

| | |
|-----------------------|------------|
| Long Term Liabilities | |
| N/P-NETBANK 34233 | 63,230.70 |
| N/P-LEAP FUNDING | 147,100.00 |
| N/P-SHAREHOLDER | 13,064.49 |

| | |
|-----------------------------|-------------------|
| Total Long Term Liabilities | <u>213,395.19</u> |
|-----------------------------|-------------------|

| | |
|-------------------|-------------------|
| Total Liabilities | <u>227,754.15</u> |
|-------------------|-------------------|

| | |
|---------------------------|--------------|
| Equity | |
| Common Stock | 7,155.00 |
| Retained Earnings | 796,563.84 |
| Shareholder Distributions | (907,863.81) |
| Year to Date Income | (27,890.36) |

| | |
|--------------|---------------------|
| Total Equity | <u>(132,035.33)</u> |
|--------------|---------------------|

| | |
|------------------------------|------------------|
| Total Liabilities and Equity | <u>95,718.82</u> |
|------------------------------|------------------|

B4 (Official Form 4) (12/07)

United States Bankruptcy Court
Northern District of Florida

In re **Magnes Enterprises, Inc.**

Debtor(s)

Case No. _____

Chapter **11**

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

| (1) | (2) | (3) | (4) | (5) |
|--|--|--|--|--|
| <i>Name of creditor and complete mailing address including zip code</i> | <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i> | <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i> | <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i> | <i>Amount of claim [if secured, also state value of security]</i> |
| Abbott Services, Inc. c/o Michael Abbott 24280 Co Rd. 27 Daphne, AL 36526 | Abbott Services, Inc. c/o Michael Abbott 24280 Co Rd. 27 Daphne, AL 36526 | Trade debt | | 6,313.33 |
| Bordelon, Greene & Lynchard 1901 Andorra St. Navarre, FL 32566 | Bordelon, Greene & Lynchard 1901 Andorra St. Navarre, FL 32566 | Attorney fees | | 1,300.00 |
| Eileen Magnes 1309 27th Ave. San Francisco, CA 94122 | Eileen Magnes 1309 27th Ave. San Francisco, CA 94122 | 2703 Gulf Breeze Pkwy., Gulf Breeze, Florida (Value based on property appraiser assessment) | | 80,000.00 (461,401.00 secured) (743,408.18 senior lien) |
| Fifth Third Bank 38 Fountain Square Plaza Cincinnati, OH 45236 | Fifth Third Bank 38 Fountain Square Plaza Cincinnati, OH 45236 | Credit Card charges | | Unknown |
| Flatiron Capital Dept. 2195 Denver, CO 80271 | Flatiron Capital Dept. 2195 Denver, CO 80271 | Insurance premium financing | | Unknown |
| Gulf Power One Energy Pl. Pensacola, FL 32520 | Gulf Power One Energy Pl. Pensacola, FL 32520 | Electric service | | 8,809.85 |
| IRH Capital 707 Skokie Blvd. Suite 540 Northbrook, IL 60062 | IRH Capital 707 Skokie Blvd. Suite 540 Northbrook, IL 60062 | Evolution Conversion - Computer upgrade | | 2,800.00 (Unknown secured) |
| Leaf Funding, Inc. P. O. Box 979127 Miami, FL 33197 | Leaf Funding, Inc. P. O. Box 979127 Miami, FL 33197 | Inventory, equipment, machinery, accounts, chattel paper, general intangibles | | 35,007.44 (Unknown secured) |

B4 (Official Form 4) (12/07) - Cont.
 In re **Magnes Enterprises, Inc.**

Case No. _____

Debtor(s) _____

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS
 (Continuation Sheet)

| (1) | (2) | (3) | (4) | (5) |
|--|--|--|--|---|
| <i>Name of creditor and complete mailing address including zip code</i> | <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i> | <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i> | <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i> | <i>Amount of claim [if secured, also state value of security]</i> |
| Leaf Funding, Inc. P. O. Box 979127 Miami, FL 33197 | Leaf Funding, Inc. P. O. Box 979127 Miami, FL 33197 | Computer equipment, accounts, inventory, fixtures, equipment, intangibles, goodwill | | 111,364.42 (Unknown secured) |
| Pen Air Federal CU 1495 E. Nine Mile Rd. Pensacola, FL 32514 | Pen Air Federal CU 1495 E. Nine Mile Rd. Pensacola, FL 32514 | Personal guaranty of debt of The Magnes Group, Inc. NOTE: UCC filed against Debtor on 4/17/06 covering inventory, accounts, equipment | | 328,429.25 |
| Pen-Air Federal CU 1495 E. Nine Mile Rd. Pensacola, FL 32514 | Pen-Air Federal CU 1495 E. Nine Mile Rd. Pensacola, FL 32514 | 2703 Gulf Breeze Pkwy., Gulf Breeze, Florida -Personal guaranty of debt of The Magnes Group, Inc. | | 737,764.55 (461,401.00 secured) (5,643.63 senior lien) |
| Soundside Market, LLC 113 Baybridge Dr. Gulf Breeze, FL 32561 | Soundside Market, LLC 113 Baybridge Dr. Gulf Breeze, FL 32561 | Lease payments | Disputed | 77,482.26 |
| USI Insurance Services 200 W. Cypress Creek Rd. Suite 500 Fort Lauderdale, FL 33309 | USI Insurance Services 200 W. Cypress Creek Rd. Suite 500 Fort Lauderdale, FL 33309 | Insurance premium | Disputed | 3,310.00 |
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B4 (Official Form 4) (12/07) - Cont.

In re **Magnes Enterprises, Inc.**

Case No. _____

Debtor(s)

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

(Continuation Sheet)

**DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date **April 5, 2011**

Signature **/s/ Scott J. Magnes**

**Scott J. Magnes
President**

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.

United States Bankruptcy Court
Northern District of Florida

In re Magnes Enterprises, Inc.
Debtor

Case No. _____

Chapter 11

LIST OF EQUITY SECURITY HOLDERS

Following is the list of the Debtor's equity security holders which is prepared in accordance with Rule 1007(a)(3) for filing in this chapter 11 case.

| Name and last known address or place of business of holder | Security Class | Number of Securities | Kind of Interest |
|--|----------------------|-------------------------|---------------------|
| Scott Magnes 2961 Coral Strip Pkwy. Gulf Breeze, FL 32563 | Capital Stock | 100 shares | 100% |

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing List of Equity Security Holders and that it is true and correct to the best of my information and belief.

Date April 5, 2011

Signature /s/ Scott J. Magnes
Scott J. Magnes
President

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C §§ 152 and 3571.

**United States Bankruptcy Court
Northern District of Florida**

In re **Magnes Enterprises, Inc.** Debtor(s) Case No. _____
Chapter **11**

VERIFICATION OF CREDITOR MATRIX

I, the President of the corporation named as the debtor in this case, hereby verify that the attached list of creditors is true and correct to the best of my knowledge.

Date: **April 5, 2011**

/s/ Scott J. Magnes
Scott J. Magnes/President
Signer/Title

Magnes Enterprises, Inc.
3749 D Gulf Breeze Pkwy.
Suite 343
Gulf Breeze, FL 32563

John E. Venn, Jr.
John E. Venn, Jr., P.A.
220 W. Garden St.
Suite 603
Pensacola, FL 32502

Office of U.S. Trustee
110 E. Park Ave.
Suite 128
Tallahassee, FL 32301

Abbott Services, Inc.
c/o Michael Abbott
24280 Co Rd. 27
Daphne, AL 36526

Bordelon, Greene & Lynchard
1901 Andorra St.
Navarre, FL 32566

Eileen Magnes
1309 27th Ave.
San Francisco, CA 94122

Fifth Third Bank
38 Fountain Square Plaza
Cincinnati, OH 45236

Flatiron Capital
Dept. 2195
Denver, CO 80271

Gregory McAtee
P. O. Box 91717
Mobile, AL 36691

Gulf Power
One Energy Pl.
Pensacola, FL 32520

IRH Capital
707 Skokie Blvd.
Suite 540
Northbrook, IL 60062

Jack E. Kiker, III
P. O. Box 4128
Tallahassee, FL 32315

Leaf Funding, Inc.
P. O. Box 979127
Miami, FL 33197

Pen Air Federal CU
1495 E. Nine Mile Rd.
Pensacola, FL 32514

Pen-Air Federal CU
1495 E. Nine Mile Rd.
Pensacola, FL 32514

Powter Insurance, Inc.
1650 W. Virginia Pkwy.
Suite 200
McKinney, TX 75069

Premium Assignment Corp.
P. O. Box 3066
Tallahassee, FL 32315

Santa Rosa County Tax Collector
P. O. Box 7100
Milton, FL 32572

Scott Magnes
2961 Coral Strip Pkwy.
Gulf Breeze, FL 32563

Soundside Market, LLC
113 Baybridge Dr.
Gulf Breeze, FL 32561

The Magnes Group, Inc.
3749 D Gulf Breeze Pkwy.
Suite 343
Gulf Breeze, FL 32563

USI Insurance Services
200 W. Cypress Creek Rd.
Suite 500
Fort Lauderdale, FL 33309

**United States Bankruptcy Court
Northern District of Florida**

In re **Magnes Enterprises, Inc.**

Debtor(s)

Case No.

Chapter **11**

CORPORATE OWNERSHIP STATEMENT (RULE 7007.1)

Pursuant to Federal Rule of Bankruptcy Procedure 7007.1 and to enable the Judges to evaluate possible disqualification or recusal, the undersigned counsel for **Magnes Enterprises, Inc.** in the above captioned action, certifies that the following is a (are) corporation(s), other than the debtor or a governmental unit, that directly or indirectly own(s) 10% or more of any class of the corporation's(s') equity interests, or states that there are no entities to report under FRBP 7007.1:

None [*Check if applicable*]

April 5, 2011

Date

/s/ John E. Venn, Jr.**John E. Venn, Jr. 184992**

Signature of Attorney or Litigant

Counsel for **Magnes Enterprises, Inc.****John E. Venn, Jr., P.A.****220 W. Garden St.****Suite 603****Pensacola, FL 32502****(850) 438-0005 Fax:(850) 438-1881****JohnEVennJrPA@aol.com**