

Fill in this information to identify your case:

United States Bankruptcy Court for the:

DISTRICT OF OREGON

Case number (if known) _____ Chapter 11

Check if this an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

4/16

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name Kelley Bros., Inc.

2. All other names debtor used in the last 8 years
Include any assumed names, trade names and *doing business as* names

3. Debtor's federal Employer Identification Number (EIN) 93-0891137

| | | |
|---------------------|---|--|
| 4. Debtor's address | Principal place of business | Mailing address, if different from principal place of business |
| | <u>88017 Territorial Road</u> <u>Veneta, OR 97487</u> Number, Street, City, State & ZIP Code <u>Lane</u> County | <u>PO Box 1000</u> <u>Veneta, OR 97487</u> P.O. Box, Number, Street, City, State & ZIP Code <u>Location of principal assets, if different from principal place of business</u> _____ Number, Street, City, State & ZIP Code |

5. Debtor's website (URL) _____

6. Type of debtor
 Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))
 Partnership (excluding LLP)
 Other. Specify: _____

7. Describe debtor's business

A. Check one:

- Health Care Business (as defined in 11 U.S.C. § 101(27A))
- Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- Railroad (as defined in 11 U.S.C. § 101(44))
- Stockbroker (as defined in 11 U.S.C. § 101(53A))
- Commodity Broker (as defined in 11 U.S.C. § 101(6))
- Clearing Bank (as defined in 11 U.S.C. § 781(3))
- None of the above

B. Check all that apply

- Tax-exempt entity (as described in 26 U.S.C. §501)
- Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. §80a-3)
- Investment advisor (as defined in 15 U.S.C. §80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor.
See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

8. Under which chapter of the Bankruptcy Code is the debtor filing?

Check one:

- Chapter 7
- Chapter 9

Chapter 11. Check all that apply:

- Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,566,050 (amount subject to adjustment on 4/01/19 and every 3 years after that).
- The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- A plan is being filed with this petition.
- Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the *attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11* (Official Form 201A) with this form.
- The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

Chapter 12

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?

- No.
- Yes.

If more than 2 cases, attach a separate list.

| | | |
|----------------|------------|-------------------|
| District _____ | When _____ | Case number _____ |
| District _____ | When _____ | Case number _____ |

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

- No
- Yes.

List all cases. If more than 1, attach a separate list

| | |
|----------------|--|
| Debtor _____ | Relationship _____ |
| District _____ | When _____ Case number, if known _____ |

11. Why is the case filed in this district?

Check all that apply:

- Debtor has had its domicile, 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.
- A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?

No

Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

Why does the property need immediate attention? (Check all that apply.)

It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.
What is the hazard? _____

It needs to be physically secured or protected from the weather.

It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).

Other _____

Where is the property? _____

Number, Street, City, State & ZIP Code

Is the property insured?

No

Yes. Insurance agency _____

Contact name _____

Phone _____

Statistical and administrative information

13. Debtor's estimation of available funds

Check one:

- Funds will be available for distribution to unsecured creditors.
- After any administrative expenses are paid, no funds will be available to unsecured creditors.

14. Estimated number of creditors

1-49

50-99

100-199

200-999

1,000-5,000

5001-10,000

10,001-25,000

25,001-50,000

50,001-100,000

More than 100,000

15. Estimated Assets

\$0 - \$50,000

\$50,001 - \$100,000

\$100,001 - \$500,000

\$500,001 - \$1 million

\$1,000,001 - \$10 million

\$10,000,001 - \$50 million

\$50,000,001 - \$100 million

\$100,000,001 - \$500 million

\$500,000,001 - \$1 billion

\$1,000,000,001 - \$10 billion

\$10,000,000,001 - \$50 billion

More than \$50 billion

16. Estimated liabilities

\$0 - \$50,000

\$50,001 - \$100,000

\$100,001 - \$500,000

\$500,001 - \$1 million

\$1,000,001 - \$10 million

\$10,000,001 - \$50 million

\$50,000,001 - \$100 million

\$100,000,001 - \$500 million

\$500,000,001 - \$1 billion

\$1,000,000,001 - \$10 billion

\$10,000,000,001 - \$50 billion

More than \$50 billion

Debtor **Kelley Bros., Inc.**
Name

Case number (if known)

Request for Relief, Declaration, and Signatures

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

17. Declaration and signature of authorized representative of debtor

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on **February 16, 2018**
MM / DD / YYYY

X /s/ Myrna D. Kelley
Signature of authorized representative of debtor

Title **President**

Myrna D. Kelley
Printed name

18. Signature of attorney

X /s/ Loren S. Scott
Signature of attorney for debtor

Date **February 16, 2018**
MM / DD / YYYY

Loren S. Scott 024502
Printed name

The Scott Law Group
Firm name

2350 Oakmont Way, Ste. 106
Eugene, OR 97401
Number, Street, City, State & ZIP Code

Contact phone **541-868-8005** Email address

024502 OR
Bar number and State

Kelley Bros., Inc
Balance Sheet
As of December 31, 2016

Dec 31, 16

| | |
|--|---------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1035 · Key Bank Tax #5766 | 1,431.93 |
| 1037 · US Bank - PR #0491 | -2,837.34 |
| 1038 · US Bank Gen Checking #8512 | -28,593.77 |
| 1042 · US Bank Savings #0631 | 200.00 |
| 1058 · US Bank Debit Card Acct #8520 | 749.63 |
| Total Checking/Savings | -29,049.55 |
| Other Current Assets | |
| 1060 · Employee Advances | 12,316.47 |
| 1070 · Deposits | 18,560.32 |
| 1075 · Deposit - Worker's Comp | 154,690.00 |
| 1095 · Membership - Shadow Hills | 10,000.00 |
| Total Other Current Assets | 195,566.79 |
| Total Current Assets | 166,517.24 |
| Fixed Assets | |
| 4010 · Office - Shop | 11,417.46 |
| 4020 · Office Furniture & Fixtures | 10,188.28 |
| 4030 · Machinery & Equipment - FMV | 8,065,155.04 |
| 4040 · Vehicles - FMV | 633,944.09 |
| 4048 · Accum Depr - Office Shop | -4,749.00 |
| 4050 · Accum Depr - Furn & Fix | -10,188.28 |
| 4060 · Accum Depr - Mach & Equip | -6,434,514.00 |
| 4070 · Accum Depr - Vehicles | -620,070.00 |
| Total Fixed Assets | 1,651,183.59 |
| TOTAL ASSETS | 1,817,700.83 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Credit Cards | |
| 5045 · US Bank Credit Card | 14,640.96 |
| 5046 · Chase | 6,603.42 |
| Total Credit Cards | 21,244.38 |
| Other Current Liabilities | |
| 5048 · Loans B & M | 39,943.86 |
| 5050 · B & M Loan Payable-Home Equity | 25,761.35 |
| 5320 · Payroll Deductions Payable | 1,912.61 |
| 5330 · Federal Tax Payable | 151,658.31 |
| 5340 · State Tax Payable | 55,036.56 |
| 5350 · Oregon Min. Tax Payable | 12,463.00 |
| Total Other Current Liabilities | 286,775.69 |
| Total Current Liabilities | 308,020.07 |
| Long Term Liabilities | |
| 5272 · N/P TD Auto 2012 GMC Denali | 19,767.72 |
| 5274 · N/P Selco 2006 F-350 PU | 5,489.43 |
| 5275 · N/P Ford Credit 2013 F-350 | 14,850.10 |
| 5278 · N/P Kenco S-300 Doosan Delimber | 14,794.91 |
| 5282 · N/P Kenco-'00 Linkbelt'98 Dres | 3,865.07 |
| 5284 · N/P Caterpillar - 325 DFM | 191,326.49 |
| 5285 · N/P Kenco '07 JD 2554 Delimber | 76,343.68 |
| 5286 · N/P 2014 Ford F-350 | 19,640.28 |
| 5287 · N/P Ally-2011 Chevy PU | 22,917.95 |
| 5288 · N/P 2012 GMC | 23,411.33 |

Kelley Bros., Inc
Balance Sheet
As of December 31, 2016

| | Dec 31, 16 |
|---|---------------------|
| 5289 · 2003 Kobelco 290 Log Loader | |
| 5289.1 · N/P Cascade Trader 290 Kobelco | 5,000.00 |
| 5289.2 · N/P NCCU 290 Kobelco | 27,946.18 |
| Total 5289 · 2003 Kobelco 290 Log Loader | 32,946.18 |
| 5290 · N/P Summit 06 Linkbelt Loader | 118,234.88 |
| 5291 · N/P Kenco 08 KW Truck/Trailer | 42,437.82 |
| 5292 · 2012 Eagle 5 Sky Car | 24,992.00 |
| 5293 · N/P Ally - 2010 GMC | 18,080.94 |
| 5294 · N/P Ford Credit-2014 F350 | 27,610.02 |
| 5295 · N/P Ally-2008 Chevy Silverado | 15,261.80 |
| 5297 · N/P Pape 2014 Hitachi Z290 | 274,563.18 |
| 5298 · N/P Kenco #75222 (SAIF) | 90,924.53 |
| 5299 · N/P Summit-'04 290 Linkbelt | 58,442.91 |
| 5300 · N/P Peterson Mach-325DFM Cat | 311,266.68 |
| 5301 · N/P Kenco-Used Eagle Carriage | 13,676.53 |
| 5302 · N/P - Kenco (Liberty Loan) | 90,668.82 |
| 5303 · N/P Carter 2001 Eagle 5 sky car | 4,000.00 |
| 5304 · N/P Carter 1993 Madill Yarder | 595,000.00 |
| Total Long Term Liabilities | 2,110,513.25 |
| Total Liabilities | 2,418,533.32 |
| Equity | |
| 5610 · Common Stock | 10,000.00 |
| 5620 · Retained Earnings | -601,300.64 |
| Net Income | -9,531.85 |
| Total Equity | -600,832.49 |
| TOTAL LIABILITIES & EQUITY | 1,817,700.83 |

Kelley Bros., Inc
Profit & Loss
 January through December 2016

| | Jan - Dec 16 |
|---|--------------|
| Ordinary Income/Expense | |
| Income | |
| 6010 · Logging Revenue | 5,491,124.33 |
| Total Income | 5,491,124.33 |
| Gross Profit | 5,491,124.33 |
| Expense | |
| 7015 · Payroll | 2,121,694.48 |
| 7043 · Worker's Comp | 407,113.63 |
| 8010 · Accounting Fees | 12,300.00 |
| 8020 · Advertising Expense | 878.25 |
| 8040 · Bank Service Charge | 3,005.11 |
| 8050 · Depreciation Expense | 440,515.00 |
| 8055 · Employee Benefit | 54,705.07 |
| 8070 · Fuel & Oil | 369,882.93 |
| 8080 · Insurance Expense | 143,430.68 |
| 8082 · Life Insurance | 19,517.42 |
| 8090 · Interest Expense | 187,908.99 |
| 8110 · Legal Fees | 73.00 |
| 8130 · Meals & Entertainment | 4,789.87 |
| 8133 · Medical Expense | 255.57 |
| 8134 · Membership Fees | 8,003.62 |
| 8134.5 · Office Expense | |
| 8122 · Mailing Expense | 1,072.94 |
| 8135 · Office Supplies | 3,146.45 |
| 8150 · Postage | 44.67 |
| Total 8134.5 · Office Expense | 4,264.06 |
| 8161 · Professional Services | 4,000.00 |
| 8162 · Rent Expense | 32,977.75 |
| 8179 · Repairs & Maintenance | |
| 8140 · Parts | 245,388.80 |
| 8180 · R&M | 150,642.69 |
| 8185 · Rigging | 104,379.28 |
| 8210 · Small Tools | 2,446.30 |
| 8245 · Tires | 62,410.41 |
| 8179 · Repairs & Maintenance - Other | -8,535.87 |
| Total 8179 · Repairs & Maintenance | 556,731.61 |
| 8195 · Safety Expense | 10,208.43 |
| 8196 · Security & Fire Watch | 250.00 |
| 8205 · Shop Expense | 19,824.06 |
| 8230 · Subcontract Labor | 891,684.85 |
| 8239 · Telephone | |
| 8240 · Telephone Expense | 6,910.59 |
| 8242 · Cell Phone Expense | 9,254.40 |
| 8239 · Telephone - Other | 24.29 |
| Total 8239 · Telephone | 16,189.28 |
| 8243 · Taxes | |
| 7020 · Payroll Tax Expense | 206,887.35 |
| 8120 · Licenses & PUC | 15,995.00 |
| 8160 · Property Taxes | 683.25 |
| 9960 · State Taxes | 4,000.00 |
| Total 8243 · Taxes | 227,565.60 |
| 8250 · Travel | 13,929.96 |
| 8300 · Miscellaneous Expense | 9,493.49 |
| 9999 · Suspense | 0.00 |
| Total Expense | 5,561,192.71 |
| Net Ordinary Income | -70,068.38 |

Kelley Bros., Inc
Profit & Loss
January through December 2016

| | <u>Jan - Dec 16</u> |
|--|---------------------------|
| Other Income/Expense | |
| Other Income | |
| 9005 · Other Income | 10,905.00 |
| 9006 · Federal Refund | 15,995.00 |
| Total Other Income | <u>26,900.00</u> |
| Other Expense | |
| 9970 · Non-Deductible Expense | |
| 8145 · Penalty | 104,210.93 |
| 9970 · Non-Deductible Expense - Other | 9,000.00 |
| Total 9970 · Non-Deductible Expense | <u>113,210.93</u> |
| Total Other Expense | <u>113,210.93</u> |
| Net Other Income | <u>-86,310.93</u> |
| Net Income | <u><u>-156,379.31</u></u> |

U.S. Corporation Income Tax Return

For calendar year 2015 or tax year beginning Jun 1, 2015, ending May 31, 2016

2015

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

Header section containing: A Check if: 1 a Consolidated return, b Life/nonlife consolidated return, 2 Personal holding co., 3 Personal service corp., 4 Schedule M-3 attached. B Employer identification number: 93-0891137. C Date incorporated: 05/23/1985. D Total assets: \$ 1,843,008. E Check if: (1) Initial return, (2) Final return, (3) Name change, (4) Address change.

Main table with columns for Income (lines 1-11), Deductions (lines 12-28), and Tax Refundable (lines 30-36). Includes sub-rows for 1a, 1b, 1c, 29a, 29b, 29c, 30, 31, 32, 33, 34, 35, 36.

Signature section: Sign Here, Signature of officer, Date, SECRETARY, Title, May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [] No

Paid Preparer Use Only section: Print/Type preparer's name, Preparer's signature, Date, Check self-employed if [] PTIN P00662206, Firm's name HENDERSON CPA, LLC, Firm's EIN 46-1864834, Firm's address 1126 GATEWAY LOOP SUITE 144 SPRINGFIELD, Phone no. (541) 505-7607

| Schedule C Dividends and Special Deductions (see instructions) | (a) Dividends received | (b) Percentage | (c) Special deductions (a) x (b) |
|---|------------------------|------------------|----------------------------------|
| 1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | | 70 | |
| 2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | | 80 | |
| 3 Dividends on debt-financed stock of domestic and foreign corporations | | see instructions | |
| 4 Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | |
| 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSCs | | 70 | |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs | | 80 | |
| 8 Dividends from wholly owned foreign subsidiaries | | 100 | |
| 9 Total. Add lines 1 through 8. See instructions for limitation | | | |
| 10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | |
| 11 Dividends from affiliated group members | | 100 | |
| 12 Dividends from certain FSCs | | 100 | |
| 13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12 | | | |
| 14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | | |
| 15 Foreign dividend gross-up | | | |
| 16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 | | | |
| 17 Other dividends | | | |
| 18 Deduction for dividends paid on certain preferred stock of public utilities | | | |
| 19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 | | | |
| 20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b | | | |

COPY

Schedule J Tax Computation and Payment (see instructions)

Part I – Tax Computation

| | | | |
|----|--|--------------------------|----|
| 1 | Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) | <input type="checkbox"/> | |
| 2 | Income tax. Check if a qualified personal service corporation (see instructions) | <input type="checkbox"/> | 2 |
| 3 | Alternative minimum tax (attach Form 4626) | | 3 |
| 4 | Add lines 2 and 3 | | 4 |
| 5a | Foreign tax credit (attach Form 1118) | | 5a |
| | b Credit from Form 8834 (see instructions) | | 5b |
| | c General business credit (attach Form 3800) | | 5c |
| | d Credit for prior year minimum tax (attach Form 8827) | | 5d |
| | e Bond credits from Form 8912 | | 5e |
| 6 | Total credits. Add lines 5a through 5e | | 6 |
| 7 | Subtract line 6 from line 4 | | 7 |
| 8 | Personal holding company tax (attach Schedule PH (Form 1120)) | | 8 |
| 9a | Recapture of investment credit (attach Form 4255) | | 9a |
| | b Recapture of low-income housing credit (attach Form 8611) | | 9b |
| | c Interest due under the look-back method — completed long-term contracts (attach Form 8697) | | 9c |
| | d Interest due under the look-back method — income forecast method (attach Form 8866) | | 9d |
| | e Alternative tax on qualifying shipping activities (attach Form 8902) | | 9e |
| | f Other (see instructions — attach statement) | | 9f |
| 10 | Total. Add lines 9a through 9f | | 10 |
| 11 | Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31. | | 11 |

Part II – Payments and Refundable Credits

| | | | |
|----|---|---------|-----|
| 12 | 2014 overpayment credited to 2015 | | 12 |
| 13 | 2015 estimated tax payments | | 13 |
| 14 | 2015 refund applied for on Form 4466 | | 14 |
| 15 | Combine lines 12, 13, and 14 | | 15 |
| 16 | Tax deposited with Form 7004 | | 16 |
| 17 | Withholding (see instructions) | | 17 |
| 18 | Total payments. Add lines 15, 16 and 17 | | 18 |
| 19 | Refundable credits from: | | |
| | a Form 2439 | | 19a |
| | b Form 4136 | 15,995. | 19b |
| | c Form 8827, line 8c | 0. | 19c |
| | d Other (attach statement — see instructions) | | 19d |
| 20 | Total credits. Add lines 19a through 19d | | 20 |
| 21 | Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32 | | 21 |

Schedule K Other Information (see instructions)

| | | | | |
|---|---|---|-----|----|
| 1 | Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ | | Yes | No |
| 2 | See the instructions and enter the: | | | |
| | a Business activity code no. ▶ 113310 | | | |
| | b Business activity ▶ LOGGING | | | |
| | c Product or service ▶ LOGGING SERVICES | | | |
| 3 | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation ▶ | | | X |
| 4 | At the end of the tax year: | | | |
| | a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G) | | | X |
| | b Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (att Schedule G) | X | | |

Schedule K Other Information *continued* (see instructions)

| | | | |
|---|--|-----|----|
| 5 At the end of the tax year, did the corporation: | | Yes | No |
| a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851 , Affiliations Schedule? For rules of constructive ownership, see instructions | | | X |
| If 'Yes,' complete (i) through (iv) below. | | | |

| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of Incorporation | (iv) Percentage Owned in Voting Stock |
|-------------------------|--|--------------------------------|---------------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| | | | |
|--|--|-----|----|
| b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions | | Yes | No |
| | | | X |
| If 'Yes,' complete (i) through (iv) below. | | | |

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

| | | | |
|---|--|-----|--------------------------|
| 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) | | Yes | No |
| | | | X |
| If 'Yes,' file Form 5452 , Corporate Report of Nondividend Distributions. | | | |
| If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary | | | |
| 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? | | | X |
| For rules of attribution, see section 318. If 'Yes,' enter: | | | |
| (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____ | | | |
| (c) The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ <input type="checkbox"/> | | | |
| 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount | | | <input type="checkbox"/> |
| If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments. | | | |
| 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____ | | | |
| 10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ <u>2</u> | | | |
| 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here | | | <input type="checkbox"/> |
| If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid. | | | |
| 12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____ | | | |
| 13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000? | | | X |
| If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ \$ _____ | | | |
| 14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? | | | X |
| If 'Yes,' complete and attach Schedule UTP. | | | |
| 15a Did the corporation make any payments in 2015 that would require it to file Form(s) 1099? | | X | |
| b If 'Yes,' did or will the corporation file required Forms 1099? | | X | |
| 16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock? | | | X |
| 17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? | | | X |
| 18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million? | | | X |

| Schedule L | Balance Sheets per Books | Beginning of tax year | | End of tax year | |
|---|--|-----------------------|------------|-----------------|------------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 158,077. | | 80,578. |
| 2a | Trade notes and accounts receivable | 228,586. | | 507,113. | |
| b | Less allowance for bad debts | | 228,586. | | 507,113. |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach statement) Ln 6 Stmt | | 10,460. | | 85,316. |
| 7 | Loans to shareholders | | 29,924. | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach statement) | | | | |
| 10a | Buildings and other depreciable assets | 7,257,444. | | 8,055,704. | |
| b | Less accumulated depreciation | 6,629,006. | 628,438. | 7,069,521. | 986,183. |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach statement) . . . Ln 14 Stmt | | 49,069. | | 183,818. |
| 15 | Total assets | | 1,104,554. | | 1,843,008. |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 92,838. | | 317,694. |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | 471,374. | | 528,209. |
| 18 | Other current liabilities (attach stmt) . . Ln 18 Stmt | | 199,278. | | 349,040. |
| 19 | Loans from shareholders | | 41,133. | | 44,698. |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | 820,028. | | 1,193,348. |
| 21 | Other liabilities (attach statement) | | | | |
| 22 | Capital stock: a Preferred stock | | | 10,000. | 10,000. |
| | b Common stock | 10,000. | 10,000. | | |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings — Approp (att stmt) | | | | |
| 25 | Retained earnings — Unappropriated | | -530,097. | | -599,981. |
| 26 | Adjmt to shareholders' equity (att stmt) | | | | |
| 27 | Less cost of treasury stock | | | | |
| 28 | Total liabilities and shareholders' equity | | 1,104,554. | | 1,843,008. |

Schedule M-1 Reconciliation of income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3 (see instructions).

| | | | | | |
|---|---|----------|----|--|----|
| 1 | Net income (loss) per books | -59,884. | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 0. | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year (itemize): | | | | |
| | See Ln 4 Stmt | -1. | | | |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | | 8 | Deductions on this return not charged against book income this year (itemize): | |
| a | Depreciation \$ | | a | Depreciation \$ | |
| b | Charitable contributions \$ | | b | Charitable contribns \$ | |
| c | Travel & entertainment \$ | 2,219. | | | |
| | See Ln 5 Stmt | 57,666. | | | |
| | | 59,885. | 9 | Add lines 7 and 8 | |
| 6 | Add lines 1 through 5 | 0. | 10 | Income (page 1, line 28) — line 6 less line 9 | 0. |

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

| | | | | | |
|---|--|-----------|---|---|-----------|
| 1 | Balance at beginning of year | -530,097. | 5 | Distributions a Cash | 10,000. |
| 2 | Net income (loss) per books | -59,884. | | b Stock c Property | |
| 3 | Other increases (itemize): | | 6 | Other decreases (itemize): | |
| | | | | | |
| | | | 7 | Add lines 5 and 6 | 10,000. |
| 4 | Add lines 1, 2, and 3 | -589,981. | 8 | Balance at end of year (line 4 less line 7) | -599,981. |

Department of the Treasury (99)
Internal Revenue Service

Information about Form 4136 and its separate instructions is at www.irs.gov/form4136.

Name (as shown on your income tax return)

Taxpayer identification number

KELLEY BROS., INC.

93-0891137

Caution: Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 or 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 or 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline

Note: CRN is credit reference number.

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|---|-----------------|----------|-------------|----------------------|---------|
| a Off-highway business use | | \$.183 | 1,488 | \$ 272. | 362 |
| b Use on a farm for farming purposes. | | .183 | | | |
| c Other nontaxable use (see Caution above line 1). | | .183 | | | |
| d Exported | | .184 | | | 411 |

2 Nontaxable Use of Aviation Gasoline

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|---|-----------------|----------|-------------|----------------------|---------|
| a Use in commercial aviation (other than foreign trade). | | \$.15 | | \$ | 354 |
| b Other nontaxable use (see Caution above line 1). | | .193 | | | 324 |
| c Exported | | .194 | | | 412 |
| d LUST tax on aviation fuels used in foreign trade | | .001 | | | 433 |

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach an explanation and check here.

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|--|-----------------|----------|-------------|----------------------|---------|
| a Nontaxable use. | 2 | \$.243 | 64,702 | \$ 15,723. | 360 |
| b Use on a farm for farming purposes. | | .243 | | | |
| c Use in trains | | .243 | | | 353 |
| d Use in certain intercity and local buses (see Caution above line 1) | | .17 | | | 350 |
| e Exported | | .244 | | | 413 |

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach an explanation and check here.

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|--|-----------------|----------|-------------|----------------------|---------|
| a Nontaxable use taxed at \$.244 | | \$.243 | | \$ | 346 |
| b Use on a farm for farming purposes. | | .243 | | | |
| c Use in certain intercity and local buses (see Caution above line 1) | | .17 | | | 347 |
| d Exported | | .244 | | | 414 |
| e Nontaxable use taxed at \$.044 | | .043 | | | 377 |
| f Nontaxable use taxed at \$.219 | | .218 | | | 369 |

BAA For Paperwork Reduction Act Notice, see the separate instructions.

Form 4136 (2015)

5 Kerosene Used in Aviation (see Caution above line 1)

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|---|-----------------|----------|-------------|----------------------|---------|
| a Kerosene used in commercial aviation (other than foreign trade) taxed at \$.244 | | \$.200 | | \$ | 417 |
| b Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219 | | .175 | | | 355 |
| c Nontaxable use (other than use by state or local government) taxed at \$.244. | | .243 | | | 346 |
| d Nontaxable use (other than use by state or local government) taxed at \$.219. | | .218 | | | 369 |
| e LUST tax on aviation fuels used in foreign trade . . . | | .001 | | | 433 |

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel

Registration No. >

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye. **Exception.** If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here.

| | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|--|----------|-------------|----------------------|---------|
| a Use by a state or local government | \$.243 | | \$ | 360 |
| b Use in certain intercity and local buses | .17 | | | 350 |

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation)

Registration No. >

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye. **Exception.** If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here.

| | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|--|----------|-------------|----------------------|---------|
| a Use by a state or local government | \$.243 | } | \$ | 346 |
| b Sales from a blocked pump | .243 | | | |
| c Use in certain intercity and local buses | .17 | | | 347 |

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation

Registration No. >

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|---|-----------------|----------|-------------|----------------------|---------|
| a Use in commercial aviation (other than foreign trade) taxed at \$.219 | | \$.175 | | \$ | 355 |
| b Use in commercial aviation (other than foreign trade) taxed at \$.244 | | .200 | | | 417 |
| c Nonexempt use in noncommercial aviation | | .025 | | | 418 |
| d Other nontaxable uses taxed at \$.244 | | .243 | | | 346 |
| e Other nontaxable uses taxed at \$.219 | | .218 | | | 369 |
| f LUST tax on aviation fuels used in foreign trade. . . . | | .001 | | | 433 |

9 Reserved

Registration No. >

| | (b) Rate | (c) Gallons of alcohol | (d) Amount of credit | (e) CRN |
|----------------------|----------|------------------------|----------------------|---------|
| a Reserved | | | | |
| b Reserved | | | | |

10 Biodiesel or Renewable Diesel Mixture Credit

Registration No. >

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the Instructions for Form 4136. See the instructions for line 10 for information about renewable diesel used in aviation.

| | (b) Rate | (c) Gallons of biodiesel or renewable diesel | (d) Amount of credit | (e) CRN |
|--|----------|--|----------------------|---------|
| a Biodiesel (other than agri-biodiesel) mixtures | \$1.00 | | | 368 |
| b Agri-biodiesel mixtures | \$1.00 | | | 390 |
| c Renewable diesel mixtures | \$1.00 | | | 307 |

11 Nontaxable Use of Alternative Fuel

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

| | (a) Type of use | (b) Rate | (c) Gallons or gasoline gallon equivalents (GGE) | (d) Amount of credit | (e) CRN |
|--|-----------------|----------|--|----------------------|---------|
| a Liquefied petroleum gas (LPG) | | \$ 0.183 | | \$ | 419 |
| b 'P Series' fuels | | 0.183 | | | 420 |
| c Compressed natural gas (CNG) (GGE=126.67 cu. ft.) | | 0.183 | | | 421 |
| d Liquefied hydrogen | | 0.183 | | | 422 |
| e Fischer-Tropsch process liquid fuel from coal (including peat) | | 0.243 | | | 423 |
| f Liquid fuel derived from biomass | | 0.243 | | | 424 |
| g Liquefied natural gas (LNG) | | 0.243 | | | 425 |
| h Liquefied gas derived from biomass | | 0.183 | | | 435 |

12 Alternative Fuel Credit

Registration No. >

| | (b) Rate | (c) Gallons or gasoline gallon equivalents (GGE) | (d) Amount of credit | (e) CRN |
|---|----------|--|----------------------|---------|
| a Liquefied petroleum gas (LPG) | \$.50 | | | 426 |
| b 'P Series' fuels | .50 | | | 427 |
| c Compressed natural gas (CNG) (GGE = 121 cu. ft.) | .50 | | | 428 |
| d Liquefied hydrogen | .50 | | | 429 |
| e Fischer-Tropsch process liquid fuel from coal (including peat). | .50 | | | 430 |
| f Liquid fuel derived from biomass. | .50 | | | 431 |
| g Liquefied natural gas (LNG). | .50 | | | 432 |
| h Liquefied gas derived from biomass. | .50 | | | 436 |
| i Compressed gas derived from biomass (GGE = 121 cu. ft.) | .50 | | | 437 |

13 Registered Credit Card Issuers

Registration No. ▶

| | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|--|----------|-------------|----------------------|---------|
| a Diesel fuel sold for the exclusive use of a state or local government . . . | \$.243 | | \$ | 360 |
| b Kerosene sold for the exclusive use of a state or local government . . . | .243 | | | 346 |
| c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219 | .218 | | | 369 |

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution: There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

| | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|----------------------------|-----------------|----------|-------------|----------------------|---------|
| a Nontaxable use | | \$ 0.197 | | \$ | 309 |
| b Exported | | .198 | | | 306 |

15 Diesel-Water Fuel Emulsion Blending

Registration No. ▶

| | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|--------------------------|----------|-------------|----------------------|---------|
| Blender credit | \$.046 | | \$ | 310 |

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

| | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |
|---|----------|-------------|----------------------|---------|
| a Exported dyed diesel fuel and exported gasoline blendstocks taxed at \$.001 | \$.001 | | \$ | 415 |
| b Exported dyed kerosene | .001 | | | 416 |

| | | | | |
|---|-----------|----|---------|--|
| 17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 72; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶ | 17 | \$ | 15,995. | |
|---|-----------|----|---------|--|

Form 4136 (2015)

Depreciation and Amortization
(including Information on Listed Property)

2015

Department of the Treasury
Internal Revenue Service

(99)

Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Attachment
Sequence No. **179**

Name(s) shown on return

KELLEY BROS., INC.

Identifying number

93-0891137

Business or activity to which this form relates

Form 1120 Line 20

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

| | | | |
|----|---|------------------------------|------------------|
| 1 | Maximum amount (see instructions) | 1 | 500,000. |
| 2 | Total cost of section 179 property placed in service (see instructions) | 2 | 798,261. |
| 3 | Threshold cost of section 179 property before reduction in limitation (see instructions) | 3 | 2,000,000. |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | 0. |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions | 5 | 500,000. |
| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
| | 2014 HITACHI 290F | 380,000. | 89,935. |
| | See Additional Section 179 Property Statement | | 23,875. |
| 7 | Listed property. Enter the amount from line 29 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | 113,810. |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | 113,810. |
| 10 | Carryover of disallowed deduction from line 13 of your 2014 Form 4562 | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) | 11 | 113,810. |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 113,810. |
| 13 | Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12 | 13 | 0. |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

| | | | |
|----|---|----|----|
| 14 | Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) | 14 | |
| 15 | Property subject to section 168(f)(1) election | 15 | |
| 16 | Other depreciation (including ACRS) | 16 | 0. |

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

| | | | |
|----|--|----|----------|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2015 | 17 | 216,899. |
| 18 | If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> | | |

Section B - Assets Placed in Service During 2015 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only - see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19 a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | 684,451. | 7.0 yrs | HY | 200 DB | 97,779. |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs | | S/L | |
| h Residential rental property | | | 27.5 yrs | MM | S/L | |
| i Nonresidential real property | | | 27.5 yrs | MM | S/L | |
| | | | 39 yrs | MM | S/L | |

Section C - Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System

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

Part IV Summary (See instructions.)

| | | | |
|----|--|----|----------|
| 21 | Listed property. Enter amount from line 28 | 21 | 12,027. |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions | 22 | 440,515. |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24 a Do you have evidence to support the business/investment use claimed? Yes No 24b If 'Yes,' is the evidence written? Yes No

| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/ investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/investment use only) | (f) Recovery period | (g) Method/ Convention | (h) Depreciation deduction | (i) Elected section 179 cost |
|---|----------------------------------|---|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|
| 25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) | | | | | | | 25 | |
| 26 Property used more than 50% in a qualified business use: | | | | | | | | |
| 76 CHEV FLTBD | 03/15/93 | 100.00 | 4,500. | 4,500. | 5.00 | 200 DB-HY | 0. | |
| 85 Southwind Motor Hm (Fire Watch) | 04/15/00 | 100.00 | 9,458. | 9,458. | 5.00 | 200 DB-HY | 0. | |
| See Additional Listed Property Statement | | | | | | | 12,027. | |
| 27 Property used 50% or less in a qualified business use: | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 | | | | | | | 28 | 12,027. |
| 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 | | | | | | | 29 | |

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a) Vehicle 1 | | (b) Vehicle 2 | | (c) Vehicle 3 | | (d) Vehicle 4 | | (e) Vehicle 5 | | (f) Vehicle 6 | |
|--|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 30 Total business/investment miles driven during the year (do not include commuting miles) | | | | | | | | | | | | |
| 31 Total commuting miles driven during the year | | | | | | | | | | | | |
| 32 Total other personal (noncommuting) miles driven | | | | | | | | | | | | |
| 33 Total miles driven during the year. Add lines 30 through 32 | | | | | | | | | | | | |
| 34 Was the vehicle available for personal use during off-duty hours? | | | | | | | | | | | | |
| 35 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| 36 Is another vehicle available for personal use? | | | | | | | | | | | | |

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

| | Yes | No |
|--|-----|----|
| 37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | | |
| 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners | | |
| 39 Do you treat all use of vehicles by employees as personal use? | | |
| 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | |
| 41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles. | | |

Part VI Amortization

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|---|------------------------------------|------------------------------|------------------------|--|--------------------------------------|
| 42 Amortization of costs that begins during your 2015 tax year (see instructions): | | | | | |
| | | | | | |
| 43 Amortization of costs that began before your 2015 tax year | | | | | 43 |
| 44 Total. Add amounts in column (f). See the instructions for where to report | | | | | 44 |

Form 4562

KELLEY BROS., INC.
Form 1120 - Line 20

Depreciation and Amortization Report

Tax Year 2015
Keep for your records

2015

93-0891137

| Asset Description | Code | Date in Service | Cost (net of land) | Land | Business Use % | Section 179 | Special Depreciation Allowance | Depreciable Basis | Life | Method/Convention | Prior Depreciation | Current Depreciation |
|------------------------------------|------|-----------------|--------------------|------|----------------|-------------|--------------------------------|-------------------|-------|-------------------|--------------------|----------------------|
| DEPRECIATION | | | | | | | | | | | | |
| CAT 325DEM | | 07/30/15 | 394,386 | | 100.00 | | | 394,386 | 7.00 | 200DB/HY | | 56,341 |
| 2014 HITACHI 290F | | 11/30/15 | 380,000 | | 100.00 | 89,935 | | 290,065 | 7.00 | 200DB/HY | | 41,438 |
| LOG TRAILER | | 01/28/16 | 5,500 | | 100.00 | 5,500 | | 0 | 7.00 | 200DB/HY | | 0 |
| EAGLE A MOTORIZED CARRIAGE | | 03/14/16 | 18,375 | | 100.00 | 18,375 | | 0 | 7.00 | 200DB/HY | | 0 |
| SUBTOTAL CURRENT YEAR | | | 798,261 | 0 | | 113,810 | 0 | 684,451 | | | | 97,779 |
| FREIGHTLINER 77 | | 09/01/90 | 13,500 | | 100.00 | | | 13,500 | 7.00 | 200DB/HY | 13,500 | 0 |
| 76 CHEV FLTBD | L | 03/15/93 | 4,500 | | 100.00 | | | 4,500 | 5.00 | 200DB/HY | 4,500 | 0 |
| D7G | | 03/01/94 | 111,910 | | 100.00 | | | 111,910 | 7.00 | 200DB/HY | 111,910 | 0 |
| 76 FD 2 TON | | 05/01/94 | 2,000 | | 100.00 | | | 2,000 | 5.00 | 200DB/HY | 2,000 | 0 |
| EAGLE III | | 11/01/94 | 55,000 | | 100.00 | | | 55,000 | 7.00 | 200DB/HY | 55,000 | 0 |
| 518 GRAPPLE | | 01/01/95 | 38,628 | | 100.00 | | | 38,628 | 7.00 | 200DB/HY | 38,628 | 0 |
| 82-30 TEREK | | 06/18/96 | 23,000 | | 100.00 | | | 23,000 | 7.00 | 200DB/HY | 23,000 | 0 |
| EAGLE II CARRIAGE | | 06/28/96 | 34,500 | | 100.00 | | | 34,500 | 7.00 | 200DB/HY | 34,500 | 0 |
| 2000 GAL WATER TK | | 04/15/97 | 7,500 | | 100.00 | | | 7,500 | 7.00 | 200DB/HY | 7,500 | 0 |
| Used Carriage | | 02/09/98 | 3,500 | | 100.00 | | | 3,500 | 6.00 | 150DB/MQ | 3,500 | 0 |
| Talkie Tooter | | 02/09/98 | 3,200 | | 100.00 | | | 3,200 | 6.00 | 150DB/MQ | 3,200 | 0 |
| Fire Truck | | 04/22/98 | 6,500 | | 100.00 | | | 6,500 | 6.00 | 150DB/MQ | 6,500 | 0 |
| Case Loader 9040B | | 05/14/98 | 277,500 | | 100.00 | | | 277,500 | 6.00 | 150DB/MQ | 277,500 | 0 |
| 79 Mack Fire Truck | | 07/27/98 | 8,000 | | 100.00 | | | 8,000 | 5.00 | 200DB/HY | 8,000 | 0 |
| Radio for Yarder | | 12/10/98 | 3,917 | | 100.00 | | | 3,917 | 7.00 | 200DB/HY | 3,917 | 0 |
| Hyster Lift Truck | | 12/29/98 | 10,500 | | 100.00 | | | 10,500 | 5.00 | 200DB/HY | 9,500 | 0 |
| 72 Intl Fire Truck | | 07/12/99 | 1,100 | | 100.00 | | | 1,100 | 5.00 | 200DB/HY | 1,100 | 0 |
| Madill 172 Tower Yarder | | 10/27/99 | 494,789 | | 100.00 | | | 494,789 | 5.00 | 200DB/HY | 494,789 | 0 |
| Madill 171 Tower | | 10/27/99 | 275,320 | | 100.00 | | | 275,320 | 5.00 | 200DB/HY | 275,320 | 0 |
| Madill 3800C Log Loader | | 11/12/99 | 273,898 | | 100.00 | | | 273,898 | 5.00 | 200DB/HY | 273,898 | 0 |
| Office Furniture | | 03/15/00 | 444 | | 100.00 | | | 444 | 7.00 | 200DB/HY | 444 | 0 |
| Office Space in Shop Bldg | | 03/31/00 | 11,417 | | 100.00 | | | 11,417 | 39.00 | SL/MM | 4,456 | 293 |
| 85 Southwind Motor Hm (Fire Watch) | L | 04/15/00 | 9,458 | | 100.00 | | | 9,458 | 5.00 | 200DB/HY | 9,458 | 0 |
| Water Tank - Fire Truck | | 06/13/00 | 1,500 | | 100.00 | | | 1,500 | 5.00 | 200DB/HY | 1,500 | 0 |
| 77 Ford 750 Fire Truck | | 06/13/00 | 4,000 | | 100.00 | | | 4,000 | 5.00 | 200DB/HY | 4,000 | 0 |
| Cat 330BFM Log Loader | | 07/10/00 | 246,000 | | 100.00 | | | 246,000 | 5.00 | 200DB/HY | 246,000 | 0 |
| Hitachi EX300 Log Loader | | 08/08/00 | 139,500 | | 100.00 | | | 139,500 | 5.00 | 200DB/HY | 139,500 | 0 |
| Computer | | 09/21/00 | 4,026 | | 100.00 | | | 4,026 | 5.00 | 200DB/HY | 4,026 | 0 |
| Madill 1236 Delimber | | 11/07/00 | 345,443 | | 100.00 | | | 345,443 | 5.00 | 200DB/HY | 345,443 | 0 |
| 2001 Ford F350 | L | 11/09/00 | 32,500 | | 100.00 | | | 32,500 | 5.00 | 200DB/HY | 32,500 | 0 |

Code: S = Sold, A = Auto, L = Listed, C = COGS

Form 4562 Depreciation and Amortization Report

Tax Year 2015
Keep for your records

93-0891137

Form 4562
KELLEY BROS., INC.
Form 1120 - Line 20

| Asset Description | Code | Date in Service | Cost (net of land) | Land | Business Use % | Section 179 | Special Depreciation Allowance | Depreciable Basis | Life | Method/Convention | Prior Depreciation | Current Depreciation |
|--------------------------------|------|-----------------|--------------------|------|----------------|-------------|--------------------------------|-------------------|------|-------------------|--------------------|----------------------|
| 2001 Ford F150 | L | 11/15/00 | 31,295 | | 100.00 | | | 31,295 | 5.00 | 200DB/HY | 31,295 | 0 |
| Carriage Cntrl - Sky Car | | 11/25/00 | 6,833 | | 100.00 | | | 6,833 | 5.00 | 200DB/HY | 6,833 | 0 |
| CATERPILLAR 322BEM | | 06/12/01 | 352,838 | | 100.00 | | | 352,838 | 6.00 | ALT/MQ | 352,838 | 0 |
| CATERPILLAR 330BEM | | 12/11/01 | 405,610 | | 100.00 | | | 405,610 | 6.00 | ALT/MQ | 405,610 | 0 |
| 1966 KENWORTH | | 12/15/01 | 35,000 | | 100.00 | | | 35,000 | 3.00 | ALT/MQ | 35,000 | 0 |
| 2002 Chev C25 | L | 01/26/02 | 28,888 | | 100.00 | | | 28,888 | 5.00 | SL/MQ | 28,888 | 0 |
| JD 330LC Log Loader | | 04/15/02 | 345,250 | | 100.00 | | | 345,250 | 6.00 | ALT/MQ | 345,250 | 0 |
| MADILL TTY6170 YARDER | | 04/15/02 | 400,000 | | 100.00 | | | 400,000 | 6.00 | ALT/MQ | 400,000 | 0 |
| 98 KENWORTH | | 09/25/02 | 42,250 | | 100.00 | | | 42,250 | 3.00 | SL/HY | 42,250 | 0 |
| MADILL 071 TOWER YARDER | | 01/30/03 | 45,000 | | 100.00 | | | 45,000 | 6.00 | ALT/HY | 45,000 | 0 |
| WATER TANK TRUCK USED | | 04/10/03 | 3,800 | | 100.00 | | | 3,800 | 5.00 | SL/HY | 3,800 | 0 |
| 90 MODEL 314 DELIMBER (USED) | | 04/07/04 | 6,000 | | 100.00 | | | 6,000 | 6.00 | ALT/MQ | 6,000 | 0 |
| 75 KW FLATBED TRUCK | | 04/07/04 | 2,000 | | 100.00 | | | 2,000 | 5.00 | SL/MQ | 2,000 | 0 |
| 1979 MADILL 071 YARDER | | 12/20/05 | 45,000 | | 100.00 | | | 45,000 | 7.00 | 200DB/MQ | 45,000 | 0 |
| 2000 EAGLE E4 CARRIAGE | | 12/20/05 | 18,000 | | 100.00 | | | 18,000 | 7.00 | 200DB/MQ | 18,000 | 0 |
| 06 GMC SIERRA 2500 | L | 12/31/05 | 33,587 | | 100.00 | | | 33,587 | 5.00 | 200DB/MQ | 33,587 | 0 |
| DELL COMPUTER | | 02/28/06 | 1,510 | | 100.00 | | | 1,510 | 5.00 | 200DB/MQ | 1,510 | 0 |
| EAGLE CARRIAGE | | 04/05/06 | 25,000 | | 100.00 | | | 25,000 | 7.00 | 200DB/MQ | 25,000 | 0 |
| 97 LINK BELT DELIMBER | | 05/12/06 | 110,000 | | 100.00 | | | 110,000 | 7.00 | 200DB/MQ | 110,000 | 0 |
| EAGLE III CARRIAGE | | 02/28/07 | 5,000 | | 100.00 | | | 5,000 | 7.00 | 200DB/HY | 5,000 | 0 |
| 03 EAGLE CARRIAGE MODEL#E4 | | 12/20/07 | 26,000 | | 100.00 | | | 26,000 | 7.00 | 200DB/MQ | 26,000 | 0 |
| 99 EAGLE CARRIAGE MODEL#E412LD | | 05/22/08 | 20,000 | | 100.00 | | | 20,000 | 7.00 | 200DB/MQ | 20,000 | 0 |
| 2000 LINKBELT EXCAVATOR | | 09/16/08 | 65,000 | | 100.00 | | | 65,000 | 7.00 | 200DB/MQ | 62,838 | 2,162 |
| '99 TB 1236 DELIMBER | | 09/16/08 | 65,000 | | 100.00 | | | 65,000 | 7.00 | 200DB/MQ | 62,838 | 2,162 |
| 1982 071 MADILL YARDER | | 12/18/08 | 31,488 | | 100.00 | | | 31,488 | 7.00 | 200DB/MQ | 29,745 | 1,743 |
| MADILL TTY6170 YARDER | | 03/25/09 | 17,378 | | 100.00 | 17,378 | | 0 | 1.00 | 200DB/NA | 0 | 0 |
| THUNDERBIRD YARDER TTY70 | | 04/14/09 | 260,000 | | 100.00 | | | 260,000 | 7.00 | 200DB/MQ | 240,137 | 19,863 |
| 2000 CAT 322BL DELIMBER | | 08/04/09 | 38,000 | | 100.00 | | | 38,000 | 7.00 | 200DB/MQ | 34,261 | 3,739 |
| 89 F250 | L | 10/13/09 | 2,500 | | 100.00 | 2,500 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2004 FORD F350 SUPER | L | 11/20/09 | 17,000 | | 100.00 | 17,000 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2006 FORD F350 TRUCK | L | 02/18/10 | 22,500 | | 100.00 | 22,500 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| '09 JD 2954 LOG LOADER | | 04/30/10 | 355,500 | | 100.00 | 208,000 | | 147,500 | 7.00 | 200DB/MQ | 123,354 | 12,878 |
| EAGLE II CARRIAGE | | 04/30/11 | 12,500 | | 100.00 | | | 12,500 | 7.00 | 200DB/HY | 9,711 | 1,116 |
| DELL COMPUTER | | 06/30/11 | 1,420 | | 100.00 | | 1,420 | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 330C MCAAT LOADER | | 06/30/11 | 10,000 | | 100.00 | 10,000 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2001 F350 | L | 06/30/11 | 2,000 | | 100.00 | 2,000 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2002 F350 | L | 06/30/11 | 2,000 | | 100.00 | 2,000 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |

Code: S = Sold, A = Auto, L = Listed, C = COGS

Form 4562 Depreciation and Amortization Report

Tax Year 2015
Keep for your records

93-0891137

KELLEY BROS., INC.
Form 1120 - Line 20

| Asset Description | Code | Date in Service | Cost (net of land) | Land | Business Use % | Section 179 | Special Depreciation Allowance | Depreciable Basis | Life | Method/Convention | Prior Depreciation | Current Depreciation |
|--|------|-----------------|--------------------|------|----------------|-------------|--------------------------------|-------------------|------|-------------------|--------------------|----------------------|
| 2001 F350 | L | 06/30/11 | 2,000 | | 100.00 | 2,000 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| USED PICKUP | L | 07/31/11 | 3,500 | | 100.00 | 3,500 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 1999 LINKBELT LOADER | | 08/11/11 | 42,775 | | 100.00 | 42,775 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| DODGE RAM 2500 | L | 10/31/11 | 3,500 | | 100.00 | 3,500 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2002 JOHN DEERE DOZER MODEL 650H | | 11/28/11 | 50,000 | | 100.00 | 50,000 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2005 JOHN DEERE W/PIERCE STRORE DELIMBER | | 03/12/12 | 110,275 | | 100.00 | 110,275 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 1980 071 MADELL YARDER | | 04/23/12 | 90,275 | | 100.00 | 90,275 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2004 LINKBELT 2901X-TL LOADER | | 05/24/12 | 140,193 | | 100.00 | 13,981 | | 126,212 | 7.00 | 200DB/MQ | 81,859 | 12,672 |
| EAGLE 4 SKY CARRIAGE | | 05/24/12 | 25,693 | | 100.00 | 25,693 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2012 GMC YUKON | L | 06/15/12 | 47,520 | | 100.00 | | 23,760 | 23,760 | 5.00 | 200DB/HY | 16,917 | 2,737 |
| 2004 FORD F250 | L | 06/19/12 | 5,147 | | 100.00 | 5,147 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 1999 DODGE 2500 | L | 06/19/12 | 3,551 | | 100.00 | 3,551 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 2002 DODGE 2500 | L | 07/03/12 | 6,588 | | 100.00 | 6,588 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| FIRE TRUCK | | 07/12/12 | 5,000 | | 100.00 | 5,000 | | 0 | 7.00 | 200DB/HY | 0 | 0 |
| 1980 071 MADILL YARDER | | 08/02/12 | 80,400 | | 100.00 | 80,400 | | 0 | 7.00 | 200DB/HY | 0 | 0 |
| EAGLE 4 CARRIAGE | | 10/29/12 | 16,275 | | 100.00 | 16,275 | | 0 | 7.00 | 200DB/HY | 0 | 0 |
| LINKBELT 4300CLI LOADER | | 01/16/13 | 32,275 | | 100.00 | 32,275 | | 0 | 7.00 | 200DB/HY | 0 | 0 |
| 2013 FORD F350 | L | 03/28/13 | 36,255 | | 100.00 | 36,255 | 0 | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 2006 CHEVY SILVERADO | L | 03/31/13 | 6,500 | | 100.00 | 6,500 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 1997 FORD F250 | L | 04/22/13 | 4,700 | | 100.00 | 4,700 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 2002 FORD F350 | L | 04/26/13 | 4,927 | | 100.00 | 4,927 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 2006 FORD F350 | L | 04/30/13 | 18,873 | | 100.00 | 18,873 | | 0 | 5.00 | 200DB/HY | 0 | 0 |
| 4300Q | | 06/01/13 | 25,000 | | 100.00 | 25,000 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 1996 FORD F-800 MECHANIC TRUCK | | 06/04/13 | 11,539 | | 100.00 | 11,539 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2000 FORD F-250 | L | 06/13/13 | 6,230 | | 100.00 | 6,230 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2004 DODGE 2500 | L | 08/12/13 | 7,500 | | 100.00 | 7,500 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2004 DOOSAN S-300 DELIMBER | | 08/27/13 | 65,275 | | 100.00 | 65,275 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2014 GENERAL LOG TRAILER | | 09/12/13 | 17,139 | | 100.00 | 17,139 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| '94 KW T800/'94 VAN RADEN TRLR | | 09/12/13 | 17,483 | | 100.00 | 17,483 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2002 CHEVROLET 2500 HD | L | 12/30/13 | 4,973 | | 100.00 | 1,938 | | 3,035 | 5.00 | 200DB/MQ | 1,487 | 619 |
| 1998 DRESSER DOZER | | 01/30/14 | 30,225 | | 100.00 | 30,225 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2014 FORD F-350 | L | 02/20/14 | 42,506 | | 100.00 | | | 42,506 | 5.00 | 200DB/MQ | 20,828 | 8,671 |
| 325 DFM CAT EXCAVATOR | | 03/29/14 | 320,568 | | 100.00 | | | 320,568 | 7.00 | 200DB/MQ | 99,769 | 63,085 |
| CAT 325 LOADER | | 05/21/14 | 22,500 | | 100.00 | 22,500 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2007 JD 2554 DELIMBER | | 05/21/14 | 95,275 | 0 | 100.00 | 74,100 | | 21,175 | 7.00 | 200DB/MQ | 6,590 | 4,167 |
| 2009 F-250 CREW CAB | L | 07/21/14 | 10,890 | | 100.00 | 10,890 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| FIRE TRUCK | L | 07/21/14 | 5,078 | | 100.00 | 5,078 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |

Code: S = Sold, A = Auto, L = Listed, C = COGS

FDIV3601 05/13/15

Form 4562 Depreciation and Amortization Report

Tax Year 2015
 Keep for your records

KELLEY BROS., INC.
 Form 1120 - Line 20

93-0891137

| Asset Description | Code | Date in Service | Cost (net of land) | Land | Business Use % | Section 179 | Special Depreciation Allowance | Depreciable Basis | Life | Method/Convention | Prior Depreciation | Current Depreciation |
|-------------------------|------|-----------------|--------------------|------|----------------|-------------|--------------------------------|-------------------|------|-------------------|--------------------|----------------------|
| 2005 F-350 CREW CAB | L | 08/11/14 | 15,620 | | 100.00 | 15,620 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2011 CHEVY SILVERADO | L | 09/17/14 | 40,319 | | 100.00 | 40,319 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| APPLE COMPUTER | | 12/01/14 | 2,788 | | 100.00 | 2,788 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2008 CHEVY SILVERADO | L | 12/13/14 | 23,152 | | 100.00 | 23,152 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2012 GMC SIERRA | L | 12/30/14 | 38,555 | | 100.00 | 38,555 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 09 KW TRUCK & TRAILER | | 01/12/15 | 75,450 | | 100.00 | | | 75,450 | 3.00 | 200DB/MQ | 18,863 | 37,725 |
| 2003 KOBELCO 290 LOADER | | 01/21/15 | 55,000 | | 100.00 | | | 55,000 | 7.00 | 200DB/MQ | 5,893 | 14,031 |
| 2010 GMC | L | 01/22/15 | 28,262 | | 100.00 | 28,262 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| TRUCK BOX | | 02/27/15 | 7,670 | | 100.00 | 7,670 | | 0 | 7.00 | 200DB/MQ | 0 | 0 |
| 2014 FORD F-350 | L | 03/04/15 | 41,062 | | 100.00 | 41,062 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 1999 DODGE VAN | L | 03/21/15 | 2,000 | | 100.00 | 2,000 | | 0 | 5.00 | 200DB/MQ | 0 | 0 |
| 2012 EAGLE 5 SKY CAR | | 04/24/15 | 50,000 | | 100.00 | 23,690 | | 26,310 | 7.00 | 200DB/MQ | 940 | 7,249 |
| 2006 LINKBELT LOADER | | 05/04/15 | 124,966 | | 100.00 | | | 124,966 | 7.00 | 200DB/MQ | 4,463 | 34,429 |
| SUBTOTAL PRIOR YEAR | | | 7,257,444 | 0 | | 1,361,883 | 25,180 | 5,870,381 | | | 5,241,943 | 228,926 |
| TOTALS | | | 8,055,705 | 0 | | 1,475,693 | 25,180 | 6,554,832 | | | 5,241,943 | 326,705 |

Code: S = Sold, A = Auto, L = Listed, C = COGS

Form 1120, Page 1, Line 10

Other Income Statement

| | |
|-----------------------------|----------------|
| OTHER INCOME | 151. |
| FUEL TAX CREDIT (FORM 4136) | 15,995. |
| Total | 16,146. |

Form 1120, Page 1, Line 26

Other Deductions Statement

| | |
|-------------------------------|-------------------|
| ACCOUNTING | 18,150. |
| BANK CHARGES | 2,570. |
| INSURANCE | 87,772. |
| LEGAL AND PROFESSIONAL | 9,010. |
| MEALS AND ENTERTAINMENT (50%) | 2,219. |
| OFFICE EXPENSE | 3,353. |
| OUTSIDE SERVICES | 928,865. |
| TELEPHONE | 14,949. |
| TRAVEL | 12,440. |
| FUEL & OIL | 460,727. |
| MEMBERSHIP FEES | 1,365. |
| MISCELLANEOUS EXPENSE | 11,175. |
| SAFETY EXPENSE | 13,152. |
| SHOP EXPENSE | 20,775. |
| WORKER'S COMP | 444,607. |
| Total | 2,031,129. |

Form 1120, Page 5, Schedule L, Line 6

Ln 6 Stmt

| Other Current Assets: | Beginning of tax year | End of tax year |
|------------------------------|------------------------------|------------------------|
| Employee Advances | 10,460. | 13,093. |
| Prepaid Insurance | | 56,228. |
| FEDERAL REFUND | | 15,995. |
| Total | 10,460. | 85,316. |

Form 1120, Page 5, Schedule L, Line 14

Ln 14 Stmt

| Other Assets: | Beginning of tax year | End of tax year |
|---------------------------|------------------------------|------------------------|
| Deposit - Worker's Comp | 20,000. | 154,690. |
| | 19,069. | |
| | 10,000. | |
| Deposits | | 19,128. |
| Membership - Shadow Hills | | 10,000. |
| Total | 49,069. | 183,818. |

Form 1120, Page 5, Schedule L, Line 18
Ln 18 Stmt

| Other Current Liabilities: | Beginning of tax year | End of tax year |
|-----------------------------------|-----------------------|-----------------|
| STATE PAYROLL TAXES PAYABLE | 32,101. | 62,115. |
| PAYROLL DEDUCTIONS PAYABLE | 41. | 763. |
| FEDERAL PAYROLL TAXES PAYABLE | 70,150. | 179,310. |
| PAYROLL PAYABLE | 88,892. | 94,389. |
| OREGON MINIMUM TAX PAYABLE | 8,094. | 12,463. |
| Total | <u>199,278.</u> | <u>349,040.</u> |

Form 1120, Page 4, Schedule M-1, Line 4
Ln 4 Stmt

| | |
|--------------|------------|
| ROUNDING | -1. |
| Total | <u>-1.</u> |

Form 1120, Page 4, Schedule M-1, Line 5
Ln 5 Stmt

| | |
|-------------------------|----------------|
| Nondeductible club dues | 6,600. |
| Penalty | 41,066. |
| Non-Deductible Expense | 10,000. |
| Total | <u>57,666.</u> |

Form 4562, line 6
Additional Section 179 Property Statement

| (a) Description of property | (b) Cost (bus use only) | (c) Elected cost |
|-----------------------------|-------------------------|------------------|
| LOG TRAILER | 5,500. | 5,500. |
| EAGLE A MOTORIZED CARRIAGE | 18,375. | 18,375. |
| Total | | <u>23,875.</u> |

Form 4562, line 26
Additional Listed Property Statement

| (a) Type of property | (b) Date placed in service | (c) Business/ investmnt use % | (d) Cost or other basis | (e) Basis for depreciation | (f) Re-covery period | (g) Method/ Con-vention | (h) Deprecia-tion deduction | (i) Elected section 179 cost |
|----------------------|----------------------------|-------------------------------|-------------------------|----------------------------|----------------------|-------------------------|-----------------------------|------------------------------|
| 2001 Ford F350 | 11/09/00 | 100.00 | 32,500. | 32,500. | 5.00 | 200 DB-HY | 0. | |
| 2001 Ford F150 | 11/15/00 | 100.00 | 31,295. | 31,295. | 5.00 | 200 DB-HY | 0. | |
| 2002 Chev C25 | 01/26/02 | 100.00 | 28,888. | 28,888. | 5.00 | SL-MQ | 0. | |
| 06 GMC SIERRA 2500 | 12/31/05 | 100.00 | 33,587. | 33,587. | 5.00 | 200 DB-MQ | 0. | |
| 2006 FORD F350 TRUCK | 02/18/10 | 100.00 | 22,500. | 0. | 5.00 | 200 DB-MQ | 0. | |

Form 4562, line 26

Continued

Additional Listed Property Statement

| (a) Type of property | (b) Date placed in service | (c) Business/ investmnt use % | (d) Cost or other basis | (e) Basis for deprecia- tion | (f) Re- covery period | (g) Method/ Con- vention | (h) Deprecia- tion deduction | (i) Elected section 179 cost |
|----------------------------|-------------------------------------|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| 2004 FORD F350 SUPER | 11/20/09 | 100.00 | 17,000. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 89 F250 | 10/13/09 | 100.00 | 2,500. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2001 F350 | 06/30/11 | 100.00 | 2,000. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2002 F350 | 06/30/11 | 100.00 | 2,000. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2001 F350 | 06/30/11 | 100.00 | 2,000. | 0. | 5.00 | 200 DB-MQ | 0. | |
| USED PICKUP | 07/31/11 | 100.00 | 3,500. | 0. | 5.00 | 200 DB-MQ | 0. | |
| DODGE RAM 2500 | 10/31/11 | 100.00 | 3,500. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2012 GMC YUKON | 06/15/12 | 100.00 | 47,520. | 23,760. | 5.00 | 200 DB-HY | 2,737. | |
| 2013 FORD F350 | 03/28/13 | 100.00 | 36,255. | 0. | 5.00 | 200 DB-HY | 0. | |
| 2006 CHEVY SILVERADO | 03/31/13 | 100.00 | 6,500. | 0. | 5.00 | 200 DB-HY | 0. | |
| 1997 FORD F250 | 04/22/13 | 100.00 | 4,700. | 0. | 5.00 | 200 DB-HY | 0. | |
| 2002 FORD F350 | 04/26/13 | 100.00 | 4,927. | 0. | 5.00 | 200 DB-HY | 0. | |
| 2006 FORD F350 | 04/30/13 | 100.00 | 18,873. | 0. | 5.00 | 200 DB-HY | 0. | |
| 2004 FORD F250 | 06/19/12 | 100.00 | 5,147. | 0. | 5.00 | 200 DB-HY | 0. | |
| 1999 DODGE 2500 | 06/19/12 | 100.00 | 3,551. | 0. | 5.00 | 200 DB-HY | 0. | |
| 2002 DODGE 2500 | 07/03/12 | 100.00 | 6,588. | 0. | 5.00 | 200 DB-HY | 0. | |
| 2000 FORD F-250 | 06/13/13 | 100.00 | 6,230. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2004 DODGE 2500 | 08/12/13 | 100.00 | 7,500. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2002 CHEVROLET 2500 HD | 12/30/13 | 100.00 | 4,973. | 3,035. | 5.00 | 200 DB-MQ | 619. | |
| 2014 FORD F-350 | 02/20/14 | 100.00 | 42,506. | 42,506. | 5.00 | 200 DB-MQ | 8,671. | |
| 2011 CHEVY SILVERADO | 09/17/14 | 100.00 | 40,319. | 0. | 5.00 | 200 DB-MQ | 0. | |
| FIRE TRUCK | 07/21/14 | 100.00 | 5,078. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2009 F-250 CREW CAB | 07/21/14 | 100.00 | 10,890. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2005 F-350 CREW CAB | 08/11/14 | 100.00 | 15,620. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2008 CHEVY SILVERADO | 12/13/14 | 100.00 | 23,152. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2012 GMC SIERRA | 12/30/14 | 100.00 | 38,555. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2010 GMC | 01/22/15 | 100.00 | 28,262. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 2014 FORD F-350 | 03/04/15 | 100.00 | 41,062. | 0. | 5.00 | 200 DB-MQ | 0. | |
| 1999 DODGE VAN | 03/21/15 | 100.00 | 2,000. | 0. | 5.00 | 200 DB-MQ | 0. | |

Total

12,027.

Supporting Statement of:

Form 1120, p3-5/Line 1(d)

| Description | Amount |
|-------------------------------|----------------|
| Key Bank Tax #5766 | 34,460. |
| US Bank - PR #0491 | 1,120. |
| US Bank Debit Card Acct #8520 | 1,257. |
| US Bank Gen Checking #8512 | 17,541. |
| US Bank Savings #0631 | 26,200. |
| Total | 80,578. |

Supporting Statement of:

Form 1120, p3-5/Line 16(d)

| Description | Amount |
|---------------------|-----------------|
| Accounts Payable | 299,931. |
| Chase | 7,112. |
| US Bank Credit Card | 10,651. |
| Total | 317,694. |

Supporting Statement of:

Form 1120, p3-5/Line 20(d)

| Description | Amount |
|--|-----------|
| 2003 Kobelco 290 Log Loader:N/P Cascade Trader 290 Kobelco | 5,000. |
| 2003 Kobelco 290 Log Loader:N/P NCCU 290 Kobelco | 32,348. |
| 2012 Eagle 5 Sky Car | 34,292. |
| Less Current Portion | -528,209. |
| N/P '07 JD 2554 Delimber | 95,688. |
| N/P 2012 GMC | 27,297. |
| N/P 2014 Ford F-350 | 24,598. |
| N/P Ally - 2010 GMC | 21,126. |
| N/P Ally-2008 Chevy Silverado | 17,813. |
| N/P Ally-2011 Chevy PU | 27,602. |
| N/P Caterpillar - 325 DFM | 225,472. |
| N/P Ford Credit 2013 F-350 | 18,588. |
| N/P Ford Credit-2014 F350 | 32,075. |
| N/P JDF Fin- John Deere 2954 | 15,187. |
| N/P Kenco #75222 | 113,342. |
| N/P Kenco 08 KW Truck/Trailer | 52,725. |
| N/P Kenco 2014 General Trailer | 1,676. |
| N/P Kenco S-300 Doosan Delimber | 23,876. |
| N/P Kenco-'00 Linkbelt/'98 Dres | 8,492. |
| N/P Kenco-Used Eagle Carriage | 16,496. |
| N/P Pape 2014 Hitachi Z290 | 327,692. |

Continued

Supporting Statement of:

Form 1120, p3-5/Line 20(d)

| Description | Amount |
|-------------------------------|--------------------------|
| N/P Peterson Mach-325DFM Cat | 353,964. |
| N/P Selco 2006 F-350 PU | 7,781. |
| N/P Summit 06 Linkbelt Loader | 139,825. |
| N/P Summit Bank | 2,189. |
| N/P Summit-'04 290 Linkbelt | 72,116. |
| N/P TD Auto 2012 GMC Denali | 24,297. |
| Total | <u>1,193,348.</u> |

Fill in this information to identify the case:

Debtor name Kelley Bros., Inc.

United States Bankruptcy Court for the: DISTRICT OF OREGON

Case number (if known) _____

Check if this is an amended filing

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- Schedule A/B: Assets—Real and Personal Property* (Official Form 206A/B)
- Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- Schedule H: Codebtors* (Official Form 206H)
- Summary of Assets and Liabilities for Non-Individuals* (Official Form 206Sum)
- Amended Schedule*
- Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- Other document that requires a declaration _____

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 16, 2018

X /s/ Myrna D. Kelley

Signature of individual signing on behalf of debtor

Myrna D. Kelley

Printed name

President

Position or relationship to debtor

Fill in this information to identify the case:

Debtor name **Kelley Bros., Inc.**
 United States Bankruptcy Court for the: **DISTRICT OF OREGON**
 Case number (if known): _____

Check if this is an amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders 12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

| Name of creditor and complete mailing address, including zip code | Name, telephone number and email address of creditor contact | Nature of claim (for example, trade debts, bank loans, professional services, and government contracts) | Indicate if claim is contingent, unliquidated, or disputed | Amount of claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim. | | |
|--|--|---|--|--|---|-----------------|
| | | | | Total claim, if partially secured | Deduction for value of collateral or setoff | Unsecured claim |
| Internal Revenue Service Centralized Insolvency Operations P.O. Box 7346 Philadelphia, PA 19101-7346 | Sandra Pasman Fax: 866-538-2386 541-342-8725 | Payroll Taxes | Disputed | | | \$278,280.04 |
| J. & L. Cutting, Inc. c/o Linda Hartness, Registered Agent 74556 London Road Cottage Grove, OR 97424 | Linda Hartness e-mail address unknown 541-520-5403 | Trade Debt | | | | \$221,880.53 |
| Oregon Department of Revenue Attn: ODR Bkcy 955 Center NE Salem, OR 97301-2555 | Payroll Dept. payroll.help.dor@oregon.gov 503-378-4988 | Payroll Taxes | | | | \$12,485.00 |
| Oregon Employment Department 875 Union Street NE Salem, OR 97311 | Manager Fax: 503-947-1472 503-947-1394 | Payroll taxes | | | | \$6,880.99 |
| Sunset Auto Parts 3360 W. 11th Ave. Eugene, OR 97402 | Manager info@sunsetnapa.com 541-342-2626 | Trade Debt | | | | \$19,909.89 |
| Superior Tire Service 33960 Old Willamette Hwy Eugene, OR 97405 | Rod Burton rod.burton@superiortireservice.com 541-744-2000 | Trade Debt | | | | \$8,564.05 |
| Tyree Oil, Inc. 1355 West 1st Avenue Eugene, OR 97402 | Manager Fax: 541-343-0552 541-687-0076 | Trade Debt | | | | \$171,565.20 |

Loren S. Scott, OSB #024502
lscott@scott-law-group.com
THE SCOTT LAW GROUP
2350 Oakmont Way, Suite 106
Eugene, OR 97401
Telephone: 541-868-8005
Facsimile: 541-868-8004
Of Attorneys for Debtor in Possession

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re:

Kelley Bros., Inc.,

Debtor.

Case No. _____

Chapter 11

CERTIFICATE OF SERVICE OF LIST OF
CREDITORS HOLDING 20 LARGEST
UNSECURED CLAIMS

I hereby certify that on the 16th day of February, 2018, I directed my staff to serve full and complete copies of the following:

1. List of Creditors Holding 20 Largest Unsecured Claims; and
2. Self-adhesive labels for the debtors, parties designated to perform the debtors' duties, debtors' attorney, and each creditor on the List of Creditors Holding 20 largest Unsecured Claims.

by depositing in the United States mail at Eugene, Oregon, by first class mail, postage prepaid and addressed to the following:

Office of the U.S. Trustee
Wayne L. Morse Courthouse
405 East 8th Avenue, Suite 1100
Eugene, OR 97401

DATED this 16th day of February, 2018.

THE SCOTT LAW GROUP

By: /s/ Loren S. Scott
Loren S. Scott, OSB # 024502
Of Attorneys for Kelley Bros., Inc.



**United States Bankruptcy Court
District of Oregon**

In re **Kelley Bros., Inc.**

Debtor(s)

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 |
|--|----------------|----------------------|--------------------|
| Myrna D. Kelley 88017 Territorial Road Veneta, OR 97487 | | 50% | Shareholder |
| Probate Estate of Bruce Kelley c/o Myrna Kelley 88017 Territorial Road Veneta, OR 97487 | | 50% | Shareholder |

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 **February 16, 2018**

Signature **/s/ Myrna D. Kelley
Myrna D. Kelley**

*Penalty for making a false statement of 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
District of Oregon**

In re **Kelley Bros., 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: **February 16, 2018**

/s/ Myrna D. Kelley

Myrna D. Kelley/President

Signer/Title

**United States Bankruptcy Court
District of Oregon**

In re **Kelley Bros., 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 **Kelley Bros., 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*]

February 16, 2018

Date

/s/ Loren S. Scott

Loren S. Scott 024502

Signature of Attorney or Litigant
Counsel for **Kelley Bros., Inc.**

The Scott Law Group

2350 Oakmont Way, Ste. 106

Eugene, OR 97401

541-868-8005 Fax:541-868-8004