

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning _____, 2011, ending _____, 20

See separate instructions.

Your first name and initial Jerome J	Last name Garcia	Your social security number 558-99-7777
If a joint return, spouse's first name and initial Mountain Girl	Last name Garcia	Spouse's social security number 224-44-9994
Home address (number and street). If you have a P.O. box, see instructions. 337 China Cat Way		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Houston TX 77008		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name	Foreign province/county	Foreign postal code

Filing Status

1 Single

2 Married filing jointly (even if only one had income)

3 Married filing separately. Enter spouse's SSN above and full name here. ▶

4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 Qualifying widow(er) with dependent child

Check only one box.

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a

b Spouse

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
(1) First name	Last name			
Cassidy	Garcia	885-55-2233	Daughter	<input checked="" type="checkbox"/>
Bobby	Garcia	465-55-8994	Son	<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

If more than four dependents, see instructions and check here

Boxes checked on 6a and 6b 2

No. of children on 6c who:

- lived with you 2
- did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶ **4**

d Total number of exemptions claimed

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	60,000.
8a	Taxable interest. Attach Schedule B if required	8a	17,750.
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	12,000.
b	Qualified dividends	9b	
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	4,083.
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13	5,112,097.
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	4,758,011.
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount	20b	
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	9,963,941.

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	289.
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	289.
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	9,963,652.

Tax and Credits

38 Amount from line 37 (adjusted gross income) 38 9,963,652.
39a Check [X] You were born before January 2, 1947, [] Blind. Total boxes checked 39a 1
if: [] Spouse was born before January 2, 1947, [] Blind.
b If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b []
40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40 84,167.
41 Subtract line 40 from line 38 41 9,879,485.
42 Exemptions. Multiply \$3,700 by the number on line 6d. 42 14,800.
43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43 9,864,685.
44 Tax (see instructions). Check if any from: a [] Form(s) 8814 b [] Form 4972 c [] 962 election 44 2,412,030.
45 Alternative minimum tax (see instructions). Attach Form 6251 45
46 Add lines 44 and 45 46 2,412,030.
47 Foreign tax credit. Attach Form 1116 if required 47
48 Credit for child and dependent care expenses. Attach Form 2441 48
49 Education credits from Form 8863, line 23 49
50 Retirement savings contributions credit. Attach Form 8880 50
51 Child tax credit (see instructions) 51
52 Residential energy credits. Attach Form 5695 52
53 Other credits from Form: a [] 3800 b [] 8801 c [] 53
54 Add lines 47 through 53. These are your total credits 54
55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- 55 2,412,030.

Other Taxes

56 Self-employment tax. Attach Schedule SE 56 502.
57 Unreported social security and Medicare tax from Form: a [] 4137 b [] 8919 57
58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required 58
59a Household employment taxes from Schedule H 59a
b First-time homebuyer credit repayment. Attach Form 5405 if required 59b
60 Other taxes. Enter code(s) from instructions 60
61 Add lines 55 through 60. This is your total tax 61 2,412,532.

Payments

62 Federal income tax withheld from Forms W-2 and 1099 62 17,000.
63 2011 estimated tax payments and amount applied from 2010 return 63
64a Earned income credit (EIC) 64a
b Nontaxable combat pay election 64b
65 Additional child tax credit. Attach Form 8812 65
66 American opportunity credit from Form 8863, line 14 66
67 First-time homebuyer credit from Form 5405, line 10 67
68 Amount paid with request for extension to file 68
69 Excess social security and tier 1 RRTA tax withheld 69
70 Credit for federal tax on fuels. Attach Form 4136 70
71 Credits from Form: a [] 2439 b [] 8839 c [] 8801 d [] 8885 71
72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments 72 17,000.

Refund

73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid 73
74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here 74a
b Routing number [X][X][X][X][X][X][X][X][X][X] c Type: [] Checking [] Savings
d Account number [X][X][X][X][X][X][X][X][X][X][X][X][X][X][X][X]
75 Amount of line 73 you want applied to your 2012 estimated tax 75

Amount You Owe

76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions 76 2,442,926.
77 Estimated tax penalty (see instructions) 77 47,394.

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [] Yes. Complete below. [X] No
Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Your signature Date Your occupation Daytime phone number
Spouse's signature. If a joint return, both must sign. Date Spouse's occupation
If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/Type preparer's name Preparer's signature Date Check [] if self-employed PTIN
Firm's name SELF PREPARED Firm's EIN
Firm's address Phone no.

Standard Deduction for -
• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.
• All others:
Single or Married filing separately, \$5,800
Married filing jointly or Qualifying widow(er), \$11,600
Head of household, \$8,500

If you have a qualifying child, attach Schedule EIC.

**SCHEDULE A
(Form 1040)**

Itemized Deductions

OMB No. 1545-0074

2011

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule A (Form 1040).**

Name(s) shown on Form 1040

Your social security number

Jerome J & Mountain Girl Garcia

558-99-7777

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.					
	1 Medical and dental expenses (see instructions)	1				
	2 Enter amount from Form 1040, line 38 <input type="text" value="2"/>	2				
	3 Multiply line 2 by 7.5% (.075)	3				
4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4					
Taxes You Paid	5 State and local (check only one box):	5				
	a <input type="checkbox"/> Income taxes, or		4,765.			
	b <input checked="" type="checkbox"/> General sales taxes					
	6 Real estate taxes (see instructions)	6	34,835.			
	7 Personal property taxes	7				
	8 Other taxes. List type and amount ▶	8				
	9 Add lines 5 through 8	9			39,600.	
	Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10	19,317.		
		11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶	11			
12 Points not reported to you on Form 1098. See instructions for special rules		12				
13 Mortgage insurance premiums (see instructions)		13				
14 Investment interest. Attach Form 4952 if required. (See instructions.)		14				
15 Add lines 10 through 14		15			19,317.	
Gifts to Charity	16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions	16	25,250.			
	17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17				
	18 Carryover from prior year	18				
	19 Add lines 16 through 18	19			25,250.	
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20				
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	21				
	22 Tax preparation fees	22	3,200.			
	23 Other expenses—investment, safe deposit box, etc. List type and amount ▶	23				
	24 Add lines 21 through 23	24	3,200.			
	25 Enter amount from Form 1040, line 38 <input type="text" value="25"/> 9,963,652.	25				
	26 Multiply line 25 by 2% (.02)	26	199,273.			
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			0.	
Other Miscellaneous Deductions	28 Other—from list in instructions. List type and amount ▶	28				
Total Itemized Deductions	29 Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40	29			84,167.	
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>	30				

SCHEDULE B
(Form 1040A or 1040)

Interest and Ordinary Dividends

OMB No. 1545-0074

2011
Attachment
Sequence No. **08**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040A or 1040.

▶ See instructions on back.

Name(s) shown on return

Jerome J & Mountain Girl Garcia

Your social security number

558-99-7777

Part I
Interest

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

- 1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶
Shakedown St. Savings
Garcia Guitar Co.
- 2** Add the amounts on line 1
- 3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

	Amount
	12,750.
	5,000.
1	
2	17,750.
3	
4	17,750.

Note. If line 4 is over \$1,500, you must complete Part III.

Part II
Ordinary Dividends

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

- 5** List name of payer ▶ Terrapin Funds, Inc.
Garcia Guitar Co.
- 6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

	Amount
	9,750.
	2,250.
5	
6	12,000.

Note. If line 6 is over \$1,500, you must complete Part III.

Part III
Foreign Accounts and Trusts

(See instructions on back.)

- You must complete this part if you **(a)** had over \$1,500 of taxable interest or ordinary dividends; **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.
- 7a** At any time during 2011, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions
 - If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements
 - b** If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ▶
 - 8** During 2011, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back

	Yes	No
		X
		X

**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► For information on Schedule C and its instructions, go to www.irs.gov/schedulec
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

2011
Attachment
Sequence No. **09**

Name of proprietor Mountain Girl Garcia		Social security number (SSN) 224-44-9994
A Principal business or profession, including product or service (see instructions) Mountain Girl Garcia, Consultant	B Enter code from instructions ► 6 2 1 3 4 0	
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN), (see instr.) 	
E Business address (including suite or room no.) ► 337 China Cat Way City, town or post office, state, and ZIP code Houston, TX 77008		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►		
G Did you "materially participate" in the operation of this business during 2011? If "No," see instructions for limit on losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H If you started or acquired this business during 2011, check here		<input type="checkbox"/>
I Did you make any payments in 2011 that would require you to file Form(s) 1099? (see instructions)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J If "Yes," did you or will you file all required Forms 1099?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part I Income

1a Merchant card and third party payments. For 2011, enter -0-	1a	0.	
b Gross receipts or sales not entered on line 1a (see instructions)	1b	62,000.	
c Income reported to you on Form W-2 if the "Statutory Employee" box on that form was checked. Caution. See instr. before completing this line	1c		
d Total gross receipts. Add lines 1a through 1c	1d	62,000.	
2 Returns and allowances plus any other adjustments (see instructions)	2		
3 Subtract line 2 from line 1d	3	62,000.	
4 Cost of goods sold (from line 42)	4		
5 Gross profit. Subtract line 4 from line 3	5	62,000.	
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6		
7 Gross income. Add lines 5 and 6	7	62,000.	

Part II Expenses

Enter expenses for business use of your home only on line 30.

8 Advertising	8		18 Office expense (see instructions)	18	
9 Car and truck expenses (see instructions)	9	4,159.	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	0.	21 Repairs and maintenance	21	2,000.
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	1,250.
15 Insurance (other than health)	15	11,000.	23 Taxes and licenses	23	750.
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	15,000.
b Other	16b		b Deductible meals and entertainment (see instructions)	24b	6,000.
17 Legal and professional services	17		25 Utilities	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27a	28	57,259.	26 Wages (less employment credits)	26	
29 Tentative profit or (loss). Subtract line 28 from line 7	29	4,741.	27a Other expenses (from line 48)	27a	17,100.
30 Expenses for business use of your home. Attach Form 8829 . Do not report such expenses elsewhere	30	658.	b Reserved for future use	27b	
31 Net profit or (loss). Subtract line 30 from line 29.	31	4,083.			
• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2 . If you entered an amount on line 1c, see instr. Estates and trusts, enter on Form 1041, line 3 .					
• If a loss, you must go to line 32.					
32 If you have a loss, check the box that describes your investment in this activity (see instructions).					
• If you checked 32a, enter the loss on both Form 1040, line 12 , (or Form 1040NR, line 13) and on Schedule SE, line 2 . If you entered an amount on line 1c, see the instructions for line 31. Estates and trusts, enter on Form 1041, line 3 .			32a <input type="checkbox"/> All investment is at risk.		
• If you checked 32b, you must attach Form 6198 . Your loss may be limited.			32b <input type="checkbox"/> Some investment is not at risk.		

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: **a** Cost **b** Lower of cost or market **c** Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?
If "Yes," attach explanation **Yes** **No**

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	
36 Purchases less cost of items withdrawn for personal use	36	
37 Cost of labor. Do not include any amounts paid to yourself	37	
38 Materials and supplies	38	
39 Other costs	39	
40 Add lines 35 through 39	40	
41 Inventory at end of year	41	
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42	

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ 02/25/1999

44 Of the total number of miles you drove your vehicle during 2011, enter the number of miles you used your vehicle for:

a Business 50,000 **b** Commuting (see instructions) 0 **c** Other 69,742

45 Was your vehicle available for personal use during off-duty hours? **Yes** **No**

46 Do you (or your spouse) have another vehicle available for personal use?. **Yes** **No**

47a Do you have evidence to support your deduction? **Yes** **No**

b If "Yes," is the evidence written? **Yes** **No**

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

Cell phone		3,600.
Internet		1,500.
Realty Enhancements		12,000.
48 Total other expenses. Enter here and on line 27a	48	17,100.

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

2011
Attachment
Sequence No. **12**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040 or Form 1040NR.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.**

Name(s) shown on return

Jerome J & Mountain Girl Garcia

Your social security number

558-99-7777

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete if you round off cents to whole dollars.	(e) Sales price from Form(s) 8949, line 2, column (e)	(f) Cost or other basis from Form(s) 8949, line 2, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 2, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I		()		
2 Short-term totals from all Forms 8949 with box B checked in Part I		()		
3 Short-term totals from all Forms 8949 with box C checked in Part I	159,687.	(100,000.)		59,687.
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7 59,687.

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete if you round off cents to whole dollars.	(e) Sales price from Form(s) 8949, line 4, column (e)	(f) Cost or other basis from Form(s) 8949, line 4, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 4, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II		()		
9 Long-term totals from all Forms 8949 with box B checked in Part II		()		
10 Long-term totals from all Forms 8949 with box C checked in Part II	5,477,410.	(425,000.)		5,052,410.
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (h). Then go to Part III on the back				15 5,052,410.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA

REV 11/22/11 TTW

Schedule D (Form 1040) 2011

Part III Summary

<p>16 Combine lines 7 and 15 and enter the result</p> <ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 	16	5,112,097.
<p>17 Are lines 15 and 16 both gains?</p> <p><input checked="" type="checkbox"/> Yes. Go to line 18.</p> <p><input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p>		
<p>18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions . . . ▶</p>	18	
<p>19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ▶</p>	19	
<p>20 Are lines 18 and 19 both zero or blank?</p> <p><input checked="" type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below.</p> <p><input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.</p>		
<p>21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:</p> <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) } <p>Note. When figuring which amount is smaller, treat both amounts as positive numbers.</p>	21	()
<p>22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?</p> <p><input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42).</p> <p><input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.</p>		

**SCHEDULE E
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Supplemental Income and Loss

(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See separate instructions.

OMB No. 1545-0074

2011

Attachment
Sequence No. **13**

Your social security number

558-99-7777

- A** Did you make any payments in 2011 that would require you to file Form(s) 1099? (see instructions) Yes No
B If "Yes," did you or will you file all required Forms 1099? Yes No

Part I Income or Loss From Rental Real Estate and Royalties **Note.** If you are in the business of renting personal property, use **Schedule C or C-EZ** (see instructions). If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

Caution. For each rental property listed on line 1, check the box in the last column only if you owned that property as a member of a qualified joint venture (QJV) reporting income not subject to self-employment tax.

1	Physical address of each property—street, city, state, zip	Type—from list below	2 For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	FORT WORTH RENTAL HOUSE	1	A	365	0	
B	WEST TEXAS OIL & GAS ROYALTIES	6	B			
C			C			

Type of Property:

- 1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental
 2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)

Income:		Properties		
		A	B	C
3a	Merchant card and third party payments. For 2011, enter -0-			
b	Payments not reported to you on line 3a			
4	Total not including amounts on line 3a that are not income (see instructions)	18000	24845	
Expenses:				
5	Advertising			
6	Auto and travel (see instructions)			
7	Cleaning and maintenance	1,200		
8	Commissions.			
9	Insurance	1,500		
10	Legal and other professional fees		1,350	
11	Management fees			
12	Mortgage interest paid to banks, etc. (see instructions)	6,500		
13	Other interest.			
14	Repairs.	4,100		
15	Supplies			
16	Taxes	4,700	4,970	
17	Utilities			
18	Depreciation expense or depletion		18,525	
19	Other (list) ▶ _____			
20	Total expenses. Add lines 5 through 19	18000	24845	
21	Subtract line 20 from line 4. If result is a (loss), see instructions to find out if you must file Form 6198 .	C	C	
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	()	()	()
23a	Total of all amounts reported on line 3a for all rental properties			
b	Total of all amounts reported on line 3a for all royalty properties			
c	Total of all amounts reported on line 4 for all rental properties	18000		
d	Total of all amounts reported on line 4 for all royalty properties	24845		
e	Total of all amounts reported on line 12 for all properties	6500		
f	Total of all amounts reported on line 18 for all properties	18525		
g	Total of all amounts reported on line 20 for all properties	42845		
24	Income. Add positive amounts shown on line 21. Do not include any losses			C
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	()	()	()
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2			C

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Jerome J & Mountain Girl Garcia

558-99-7777

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. Yes No

Table with 5 columns: (a) Name, (b) Enter P for partnership; S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, (e) Check if any amount is not at risk. Row A: Garcia Guitar Co., S, 76-9874575.

Table with 5 columns: (f) Passive loss allowed, (g) Passive income from Schedule K-1, (h) Nonpassive loss from Schedule K-1, (i) Section 179 expense deduction from Form 4562, (j) Nonpassive income from Schedule K-1. Totals: 4,758,011.

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name, (b) Employer identification number. Rows A and B.

Table with 4 columns: (c) Passive deduction or loss allowed, (d) Passive income from Schedule K-1, (e) Deduction or loss from Schedule K-1, (f) Other income from Schedule K-1. Totals and summary lines 35-37.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Summary line 39.

Part V Summary

Summary table with 2 columns: Description, Amount. Line 40: Net farm rental income or (loss) from Form 4835. Line 41: Total income or (loss). Line 42: Reconciliation of farming and fishing income. Line 43: Reconciliation for real estate professionals.

**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074

2011
Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040 or Form 1040NR.** ▶ **See separate instructions.**

Name of person with **self-employment** income (as shown on Form 1040)

Social security number of person
with **self-employment** income ▶

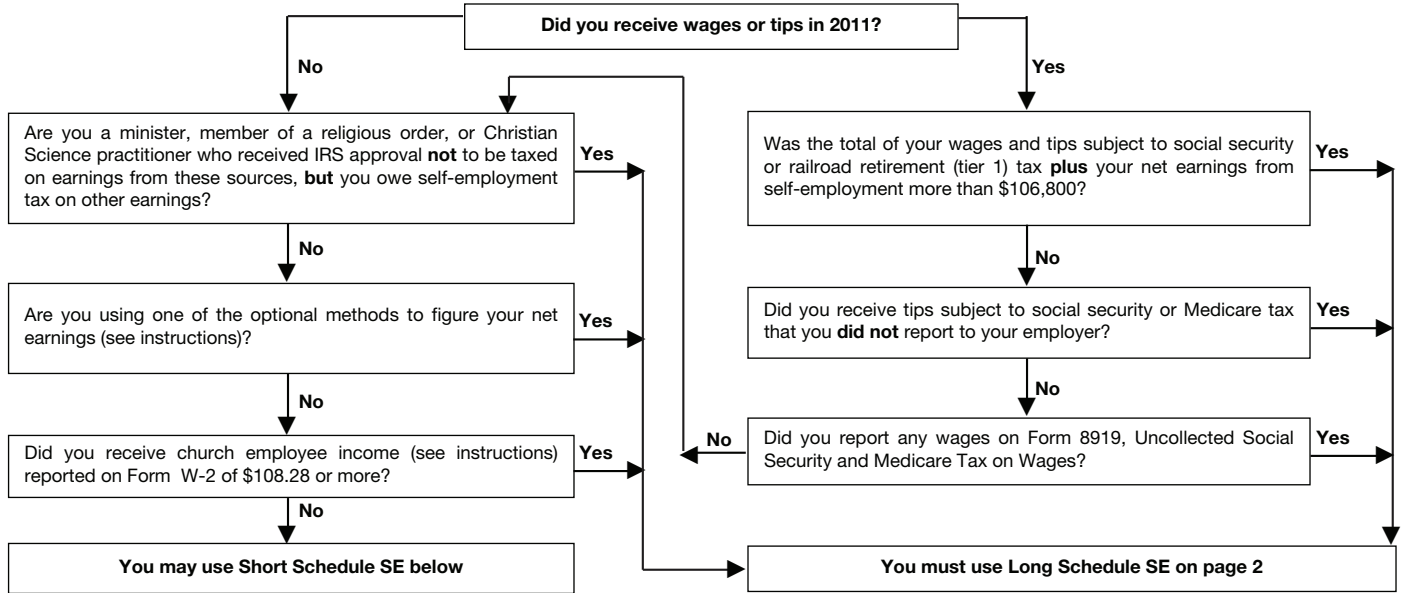
Mountain Girl Garcia

224-44-9994

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE* in the instructions.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	1b	()
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2	4,083.
3	Combine lines 1a, 1b, and 2	3	4,083.
4	Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b ▶	4	3,771.
5	Self-employment tax. If the amount on line 4 is: • \$106,800 or less, multiply line 4 by 13.3% (.133). Enter the result here and on Form 1040, line 56 , or Form 1040NR, line 54 • More than \$106,800, multiply line 4 by 2.9% (.029). Then, add \$11,107.20 to the result. Enter the total here and on Form 1040, line 56 , or Form 1040NR, line 54	5	502.
6	Deduction for employer-equivalent portion of self-employment tax. If the amount on line 5 is: • \$14,204.40 or less, multiply line 5 by 57.51% (.5751) • More than \$14,204.40, multiply line 5 by 50% (.50) and add \$1,067 to the result. Enter the result here and on Form 1040, line 27 , or Form 1040NR, line 27	6	289.

Expenses for Business Use of Your Home

Department of the Treasury
Internal Revenue Service (99)

▶ **File only with Schedule C (Form 1040). Use a separate Form 8829 for each home you used for business during the year.**

▶ **See separate instructions.**

Name(s) of proprietor(s) **Mountain Girl Garcia** Your social security number **224-44-9994**

Part I Part of Your Home Used for Business		Mountain Girl Garcia, Consultant	
1	Area used regularly and exclusively for business, regularly for daycare, or for storage of inventory or product samples (see instructions)	1	120
2	Total area of home	2	10,000
3	Divide line 1 by line 2. Enter the result as a percentage	3	1.20 %
For daycare facilities not used exclusively for business, go to line 4. All others go to line 7.			
4	Multiply days used for daycare during year by hours used per day	4	hr.
5	Total hours available for use during the year (365 days x 24 hours) (see instructions)	5	8,760
6	Divide line 4 by line 5. Enter the result as a decimal amount	6	
7	Business percentage. For daycare facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3	7	1.20 %

Part II Figure Your Allowable Deduction					
8	Enter the amount from Schedule C, line 29, plus any gain derived from the business use of your home and shown on Schedule D or Form 4797, minus any loss from the trade or business not derived from the business use of your home and shown on Schedule D or Form 4797. See instructions			8	-44,859.
See instructions for columns (a) and (b) before completing lines 9-21.					
		(a) Direct expenses	(b) Indirect expenses		
9	Casualty losses (see instructions)	9			
10	Deductible mortgage interest (see instructions)	10	19,552.		
11	Real estate taxes (see instructions)	11	35,258.		
12	Add lines 9, 10, and 11	12	54,810.		
13	Multiply line 12, column (b) by line 7	13	658.		
14	Add line 12, column (a) and line 13	14		14	658.
15	Subtract line 14 from line 8. If zero or less, enter -0-	15		15	0.
16	Excess mortgage interest (see instructions)	16			
17	Insurance	17			
18	Rent	18			
19	Repairs and maintenance	19	10,254.		
20	Utilities	20			
21	Other expenses (see instructions)	21			
22	Add lines 16 through 21	22	10,254.		
23	Multiply line 22, column (b) by line 7	23	123.		
24	Carryover of operating expenses from 2010 Form 8829, line 42	24			
25	Add line 22 column (a), line 23, and line 24	25		25	123.
26	Allowable operating expenses. Enter the smaller of line 15 or line 25	26		26	0.
27	Limit on excess casualty losses and depreciation. Subtract line 26 from line 15	27		27	0.
28	Excess casualty losses (see instructions)	28			
29	Depreciation of your home from line 41 below	29	652.		
30	Carryover of excess casualty losses and depreciation from 2010 Form 8829, line 43	30			
31	Add lines 28 through 30	31		31	652.
32	Allowable excess casualty losses and depreciation. Enter the smaller of line 27 or line 31	32		32	0.
33	Add lines 14, 26, and 32	33		33	658.
34	Casualty loss portion, if any, from lines 14 and 32. Carry amount to Form 4684 (see instructions)	34		34	
35	Allowable expenses for business use of your home. Subtract line 34 from line 33. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions	35		35	658.

Part III Depreciation of Your Home			
36	Enter the smaller of your home's adjusted basis or its fair market value (see instructions)	36	2,120,000.
37	Value of land included on line 36	37	
38	Basis of building. Subtract line 37 from line 36	38	2,120,000.
39	Business basis of building. Multiply line 38 by line 7	39	25,440.
40	Depreciation percentage (see instructions)	40	2.5641 %
41	Depreciation allowable (see instructions). Multiply line 39 by line 40. Enter here and on line 29 above	41	652.

Part IV Carryover of Unallowed Expenses to 2012			
42	Operating expenses. Subtract line 26 from line 25. If less than zero, enter -0-	42	123.
43	Excess casualty losses and depreciation. Subtract line 32 from line 31. If less than zero, enter -0-	43	652.

Name(s) of Proprietor(s) Mountain Girl Garcia	Your SSN 224-44-9994
--	-------------------------

Business name Mountain Girl Garcia, Consultant
337 China Cat Way

Part I – Calculation of Line 7

Calculation for Form 8829, line 7 when one area of the home was used exclusively for daycare and another area of the home was used only partly for daycare:

1	Area used exclusively for daycare	1	_____
2	Total area of home.	2	_____
3	Business % for area used exclusively for daycare. Divide Line 1 by line 2	3	_____ %
4	Area used only partly for daycare	4	_____
5	Divide line 4 by line 2	5	_____ %
6	Multiply days used for daycare during year by hours used per day	6	_____ hr
7	Total hours available for use during the year (365 x 24 hours).	7	_____ hr
8	Divide line 6 by line 7. Enter result as a decimal amount.	8	_____
9	Business % for area used only partly for daycare. Multiply line 8 by line 5	9	_____ %
10	Total business percentage. Add lines 3 and 9. Carries to Form 8829, line 7	10	_____ %

Part II – Calculation of Line 8

Calculation for Form 8829, line 8 when part of gross income is from a place of business other than this home office:

1	Gross income from Schedule C, line 7.	1	62,000.
2	Percent of gross income from business use of home reported on Schedule C.	2	20.00 %
3	Gross income from business use of home. Multiply line 1 by line 2	3	12,400.
4	Gain from business use of your home shown on Schedule D or Form 4797	4	_____
5	Gross income from Schedules C, D, and Form 4797. Add lines 3 and 4	5	12,400.
6	Total expenses from Schedule C, line 28.	6	57,259.
7	If there is more than one home office for this business, enter the amount of expenses from line 6 allocable to this home office. <i>Enter the expenses as a positive number</i>	7	_____
8	Any losses from this business shown on Schedule D or Form 4797. <i>Enter the losses as a positive number</i>	8	_____
9	Line 5 less lines 6 or 7, and 8. Carries to Form 8829, line 8	9	-44,859.

Part III – Calculation of Line 41

1	Depreciation attributable to business use of home	1	652.
2	Depreciation for additions and improvements attributable to business use of home	2	_____
3	Total allowable depreciation. Add lines 1 and 2. Carries to Form 8829, line 41.	3	652.

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

Department of the Treasury
Internal Revenue Service

2011

For calendar year 2011, or tax
year beginning _____, 2011
ending _____, 20____

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

▶ See back of form and separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items	
A Corporation's employer identification number 76-9874575		1 Ordinary business income (loss) 4,758,011	13 Credits
B Corporation's name, address, city, state, and ZIP code GARCIA GUITAR CO 815 JONES ROAD HOUSTON, TX 77070		2 Net rental real estate income (loss)	
C IRS Center where corporation filed return AUSTIN, TX		3 Other net rental income (loss)	
Part II Information About the Shareholder		4 Interest income 5,000	
D Shareholder's identifying number 558-99-7777		5a Ordinary dividends 2,250	
E Shareholder's name, address, city, state, and ZIP code JEROME J GARCIA 337 CHINA CAT WAY HOUSTON, TX 77008		5b Qualified dividends	14 Foreign transactions
F Shareholder's percentage of stock ownership for tax year 75 %		6 Royalties	
For IRS Use Only		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 D 45,000
		12 Other deductions	
			17 Other information
			* See attached statement for additional information.

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

- 1. Ordinary business income (loss).** Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:
 - Passive loss *Report on* See the Shareholder's Instructions
 - Passive income Schedule E, line 28, column (g)
 - Nonpassive loss Schedule E, line 28, column (h)
 - Nonpassive income Schedule E, line 28, column (j)
- 2. Net rental real estate income (loss)** See the Shareholder's Instructions
- 3. Other net rental income (loss)**
 - Net income Schedule E, line 28, column (g)
 - Net loss See the Shareholder's Instructions
- 4. Interest income** Form 1040, line 8a
- 5a. Ordinary dividends** Form 1040, line 9a
- 5b. Qualified dividends** Form 1040, line 9b
- 6. Royalties** Schedule E, line 3b
- 7. Net short-term capital gain (loss)** Schedule D, line 5
- 8a. Net long-term capital gain (loss)** Schedule D, line 12
- 8b. Collectibles (28%) gain (loss)** 28% Rate Gain Worksheet, line 4 (Schedule D instructions)
- 8c. Unrecaptured section 1250 gain** See the Shareholder's Instructions
- 9. Net section 1231 gain (loss)** See the Shareholder's Instructions
- 10. Other income (loss)** See the Shareholder's Instructions

- | <i>Code</i> | |
|---|------------------------------------|
| A Other portfolio income (loss) | See the Shareholder's Instructions |
| B Involuntary conversions | See the Shareholder's Instructions |
| C Sec. 1256 contracts & straddles | Form 6781, line 1 |
| D Mining exploration costs recapture | See Pub. 535 |
| E Other income (loss) | See the Shareholder's Instructions |
- 11. Section 179 deduction** See the Shareholder's Instructions
 - 12. Other deductions**
 - A** Cash contributions (50%)
 - B** Cash contributions (30%)
 - C** Noncash contributions (50%)
 - D** Noncash contributions (30%)
 - E** Capital gain property to a 50% organization (30%)
 - F** Capital gain property (20%)
 - G** Contributions (100%)
 - H** Investment interest expense Form 4952, line 1
 - I** Deductions—royalty income Schedule E, line 19
 - J** Section 59(e)(2) expenditures See the Shareholder's Instructions
 - K** Deductions—portfolio (2% floor) Schedule A, line 23
 - L** Deductions—portfolio (other) Schedule A, line 28
 - M** Preproductive period expenses See the Shareholder's Instructions
 - N** Commercial revitalization deduction from rental real estate activities See Form 8582 instructions
 - O** Reforestation expense deduction See the Shareholder's Instructions
 - P** Domestic production activities information See Form 8903 instructions
 - Q** Qualified production activities income Form 8903, line 7b
 - R** Employer's Form W-2 wages Form 8903, line 17
 - S** Other deductions See the Shareholder's Instructions

- 13. Credits**
 - A** Low-income housing credit (section 42(j)(5)) from pre-2008 buildings
 - B** Low-income housing credit (other) from pre-2008 buildings
 - C** Low-income housing credit (section 42(j)(5)) from post-2007 buildings
 - D** Low-income housing credit (other) from post-2007 buildings
 - E** Qualified rehabilitation expenditures (rental real estate)
 - F** Other rental real estate credits
 - G** Other rental credits
 - H** Undistributed capital gains credit Form 1040, line 71, box a
 - I** Alcohol and cellulosic biofuel fuels credit
 - J** Work opportunity credit
 - K** Disabled access credit
 - L** Empowerment zone and renewal community employment credit

- | <i>Code</i> | <i>Report on</i> |
|---|------------------------------------|
| M Credit for increasing research activities | See the Shareholder's Instructions |
| N Credit for employer social security and Medicare taxes | See the Shareholder's Instructions |
| O Backup withholding | Form 1040, line 62 |
| P Other credits | See the Shareholder's Instructions |
- 14. Foreign transactions**
 - A** Name of country or U.S. possession
 - B** Gross income from all sources
 - C** Gross income sourced at shareholder level
- | | |
|--|---------------------|
| <i>Foreign gross income sourced at corporate level</i> | |
| D Passive category | } Form 1116, Part I |
| E General category | |
| F Other | |
- Deductions allocated and apportioned at shareholder level*
 - G** Interest expense Form 1116, Part I
 - H** Other Form 1116, Part I
- Deductions allocated and apportioned at corporate level to foreign source income*
 - I** Passive category
 - J** General category
 - K** Other
- | | |
|--|------------------------------------|
| <i>Other information</i> | |
| L Total foreign taxes paid | Form 1116, Part II |
| M Total foreign taxes accrued | Form 1116, Part II |
| N Reduction in taxes available for credit | Form 1116, line 12 |
| O Foreign trading gross receipts | Form 8873 |
| P Extraterritorial income exclusion | Form 8873 |
| Q Other foreign transactions | See the Shareholder's Instructions |
- 15. Alternative minimum tax (AMT) items**
 - A** Post-1986 depreciation adjustment
 - B** Adjusted gain or loss
 - C** Depletion (other than oil & gas)
 - D** Oil, gas, & geothermal—gross income
 - E** Oil, gas, & geothermal—deductions
 - F** Other AMT items
- | | |
|--|--------------------------------------|
| 16. Items affecting shareholder basis | |
| A Tax-exempt interest income | Form 1040, line 8b |
| B Other tax-exempt income | } See the Shareholder's Instructions |
| C Nondeductible expenses | |
| D Distributions | |
| E Repayment of loans from shareholders | |
| 17. Other information | |
| A Investment income | Form 4952, line 4a |
| B Investment expenses | Form 4952, line 5 |
| C Qualified rehabilitation expenditures (other than rental real estate) | See the Shareholder's Instructions |
| D Basis of energy property | See the Shareholder's Instructions |
| E Recapture of low-income housing credit (section 42(j)(5)) | Form 8611, line 8 |
| F Recapture of low-income housing credit (other) | Form 8611, line 8 |
| G Recapture of investment credit | See Form 4255 |
| H Recapture of other credits | See the Shareholder's Instructions |
| I Look-back interest—completed long-term contracts | See Form 8697 |
| J Look-back interest—income forecast method | See Form 8866 |
| K Dispositions of property with section 179 deductions | } See the Shareholder's Instructions |
| L Recapture of section 179 deduction | |
| M Section 453(l)(3) information | |
| N Section 453A(c) information | |
| O Section 1260(b) information | |
| P Interest allocable to production expenditures | |
| Q CCF nonqualified withdrawals | |
| R Depletion information—oil and gas | |
| S Amortization of reforestation costs | |
| T Section 108(i) information | |
| U Other information | |