

George and Nila Amberson

Accounting 144 Practice Set #2

This second practice set is worth 45 points. Requirements are to complete form 1040 up to line 43 and the following forms:

Schedule A

Schedule B

Schedule C

Schedule D

Schedule E

Schedule SE

Form 8949

There will be offered 10 points of extra credit for the completion of the following forms:

Form 8582

Form 4562

Form 1040 Lines 43 – 79

**INDIVIDUAL PRACTICE SET #2
GEORGE AND NILA AMBERSON
INDIVIDUAL FEDERAL INCOME TAX RETURN
2016 ANNUAL EDITION**

ALL DATES RELATE TO YEAR 2016 UNLESS STATED OTHERWISE

1.0 INTRODUCTION:

You have been employed to complete the 2016 Federal income tax return for George and Nila Amberson. The Ambersons have provided you with original copies of all third-party documents filed with the IRS, such as W-2's, 1099's, and K-1's. They have also provided you with adequate written documentation to substantiate all transactions mentioned in this case. Lastly, they have provided you with copies of their respective 2015 Federal income tax returns.

1.1 Taxpayer Biographical Information:

Biographical data relating to the Ambersons are as follows:

- George Cohan Amberson, SSN 448-56-2301. Born February 26, 1966. Operated unincorporated landscape engineering business in Temple, Texas during the entire year.
- Nila Rademaker Amberson, SSN 460-30-2020. Born November 11, 1966. Employed as a professor of English literature at Howard Payne University in Brownwood, Texas during the entire year.
- George and Nila Amberson were married in Temple on February 14.
- They reside at 315 West Avenue, Temple, Texas 76501. Their daytime telephone number is (254)555-3976.

1.2 Persons Supported by the Ambersons:

George has the following single children by his first wife Michelle Ryan Amberson who died on July 14, 2013:

- 1 Jennifer Harrison Amberson, SSN 280-90-6502. Born on October 22, 1994. Full-time student at University of Dallas prior to graduation in May. Moved to Galveston, Texas in July. Employed as commercial artist there starting in October. Income consisted of wages of \$6,000 and dividend income of \$300. The Ambersons provided 60 percent of her support.
- 2 Charles Michael Amberson, SSN 280-54-6099. Born July 19, 1997. Began college as full-time student at DePaul University in Chicago in August. Only income consisted of scholarship worth \$4,000, of which 75 percent was used to pay for tuition and fees. The Ambersons contributed 90 percent of his support.
- 3 Jeffery Logan Amberson, SSN 488-60-0560. Born November 1, 2001. Full-time high school student. Only income consisted of dividend income of \$2,000. The Ambersons contributed all of his support.
- 4 Killian George Amberson, SSN 488-56-3400. Born June 19, 2005. Full-time elementary student. Only income consisted of dividend income of \$1,700. The Amberson's contributed all of his support.

The Ambersons also supported the following persons:

1. Christopher Charles Wilson, SSN 780-45-2093, lifelong family friend of Nila. Single. Born April 3, 1951. Resided with Ambersons from April 1 to end of year. Resided in McGregor, Texas prior to moving in with the Ambersons. The Ambersons provided all of his support.

2. Ralph John Watkins, SSN 243-94-4052, nephew of Nila. Single. Born March 29, 1994. Resided in Milano, Texas. Earned \$11,000 as a rather Bohemian freelance artist, but spent only \$2,340 of his earnings and banked the rest. The Ambersons contributed 75 percent of his support.

1.3 Taxpayer Filing Information:

The following filing information relates to the Ambersons:

- The Ambersons wish to file as married filing jointly for 2016.
- Nila elects to contribute to the Presidential Election Campaign Fund. George does not make this election.
- The Ambersons are both calendar year taxpayers.
- The Ambersons both follow the cash receipts method.
- The Ambersons prefer that any tax overpayment be refunded rather than credited to their 2017 Federal tax return.

1.4 Data Relating to 2016 Federal Tax Returns:

The following data relate to the 2016 tax returns filed by George and Nila Amberson:

- George filed his 2015 Federal income tax return as a qualifying widower.
- Nila filed her 2015 Federal income tax return as a single taxpayer.
- Neither George or Nila reported any other carry forwards on their 2015 Federal Income tax returns.

INCOME SOURCES

2.1 Salary Income:


As stated in Section 1.1 above, Nila was employed as a professor of English literature at Howard Payne University during the entire year. Her Form W-2 as filed by Howard Payne University is attached. Note that Texas has no state individual income tax regime. Therefore, the section of Nila's W-2 dealing with state tax information is blank.

2.2 Income from Trade or Business:

A. As stated in Section 1.1 above, George operated an unincorporated landscape engineering firm during the entire year. His business consists of designing and installing landscape designs that comprise an integral component of the construction of new buildings in central Texas. George has operated the landscaping engineering business continuously since 2004. George has operated his business out of an office in his principal residence in Temple. George accounts for all transactions on the cash receipts method. George's employer identification number (EIN) is 86-2528181. His applicable business code is 541320. George is at-risk for all losses.

B. The following income were posted to George's business checkbook:

- | | |
|--------------------------------|-----------|
| a. Sales | \$208,000 |
| b. Proceeds from business loan | \$42,000 |

		a Employee's social security number 460-30-2020		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile			
b Employer identification number (EIN) 72-5415634				1 Wages, tips, other compensation 52000.00		2 Federal income tax withheld 10400.00					
c Employer's name, address, and ZIP code HOWARD PAYNE UNIVERSITY 1000 FISK AVE BROWNWOOD, TX 76801				3 Social security wages 52000.00		4 Social security tax withheld 3224.00					
				5 Medicare wages and tips 52000.00		6 Medicare tax withheld 754.00					
				7 Social security tips		8 Allocated tips					
d Control number				9		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
NILA R		AMBERSON						C C D D E			
315 WEST AVE		TEMPLE, TX 76501				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
						14 Other		C C D D E			
								12c			
								12d			
								C C D D E			
f Employee's address and ZIP code											
15 State		Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

2016

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

C. The following cash payments were posted to George's business checkbook:

a. Gross wages paid to employees	\$62,000
b. Payroll taxes	11,900
c. Secretarial services	8,000
d. Meals	1,900
e. Travel	2,200
f. Legal and accounting expense	1,100
g. Accounting expenses	2,200
h. Telecommunications	4,600
i. Insurance	5,000
j. Supplies	2,700
k. Principal on business loan	35,000
l. Interest on business loan	4,300
m. Advertising	6,000
n. Repairs	1,500
o. Contribution to George's traditional IRA	3,000
p. Entertainment expenses	3,500
q. Speeding tickets	200
r. Subscription to <i>Landscape Monthly</i>	100
s. State permit	300

D. George utilized the following assets in his landscaping business:

<u>Description of Property:</u>	<u>Date Placed into Service:</u>	<u>Adjusted Basis when Placed into Service:</u>	<u>Business Use:</u>
Landscaping equipment	5/21/12	\$40,000	100%
Computer system	7/22/13	3,200	100%
Computer printer	7/25/14	1,000	100%
Office furniture	6/20/15	3,000	100%

All of the assets listed above were purchased new by George on the date they were placed into service. Due to technical requirements, George was not able to elect 179 treatment for any year prior to 2015. All assets were depreciated under accelerated MACRS prior to 2016.

E. George drove a 2004 Chevrolet pick-up truck which he placed into service on January 2, 2010. The truck cost George \$12,800. The truck weighs 6,800 pounds. George logged 22,000 business related miles in his pick-up truck. He also logged 20,000 non-business related miles. Written documentation exists justifying the business-use of the pick-up truck. George has always used the standard mileage method. The truck has never been depreciated under the MACRS method.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. DALBEY CORPORATION WASHINGTON & 3rd STS SPRINGFIELD, IL 62701		1a Total ordinary dividends \$ 3000.00	OMB No. 1545-0110 2016		Dividends and Distributions	
		1b Qualified dividends \$ 3000.00	Form 1099-DIV			
PAYER'S federal identification number 76-3451789	RECIPIENT'S identification number 448-56-2301	2a Total capital gain distr. \$	2b Unrecap. Sec. 1250 gain \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.		
		2c Section 1202 gain \$	2d Collectibles (28%) gain \$			
RECIPIENT'S name GEORGE AND NILA AMBERSON		3 Nondividend distributions \$	4 Federal income tax withheld \$			
Street address (including apt. no.) 315 WEST AVE		6 Foreign tax paid \$	5 Investment expenses \$			
City or town, state or province, country, and ZIP or foreign postal code TEMPLE, TX 76501		8 Cash liquidation distributions \$	7 Foreign country or U.S. possession \$			
		10 Exempt-interest dividends \$	9 Noncash liquidation distributions \$			
		FATCA filing requirement <input type="checkbox"/>	11 Specified private activity bond interest dividends \$			
Account number (see instructions)		12 State	13 State identification no.			14 State tax withheld \$
						\$

Form **1099-DIV**

(keep for your records)

www.irs.gov/form1099div

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. DRAPER CORPORATION 902 WASHINGTON AVE HOUSTON, TX 77002		1a Total ordinary dividends \$ 4000.00	OMB No. 1545-0110 2016 Form 1099-DIV		Dividends and Distributions Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		1b Qualified dividends \$ 4000.00	2a Total capital gain distr. \$	2b Unrecap. Sec. 1250 gain \$	
		PAYER'S federal identification number 76-1151234	RECIPIENT'S identification number 448-56-2301	2c Section 1202 gain \$	
RECIPIENT'S name GEORGE AMBERSON		3 Nondividend distributions \$	4 Federal income tax withheld \$		
Street address (including apt. no.) 315 WEST AVE		5 Investment expenses \$	6 Foreign tax paid \$		
City or town, state or province, country, and ZIP or foreign postal code TEMPLE, TX 76501		7 Foreign country or U.S. possession \$	8 Cash liquidation distributions \$		
FATCA filing requirement <input type="checkbox"/>		9 Noncash liquidation distributions \$	10 Exempt-interest dividends \$		
Account number (see instructions)		11 Specified private activity bond interest dividends \$	12 State \$		
		13 State identification no. \$	14 State tax withheld \$		

Form 1099-DIV

(keep for your records)

www.irs.gov/form1099div

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. INTERWORLD GROWTH FUND 300 WEST PERSHING KANSAS CITY, MO 64108		1a Total ordinary dividends \$ 200.00	OMB No. 1545-0110 2016 Form 1099-DIV	
		1b Qualified dividends \$ 150.00		
		2a Total capital gain distr. \$ 700.00	2b Unrecap. Sec. 1250 gain \$	
PAYER'S federal identification number 74-6678001	RECIPIENT'S identification number 460-30-2020	2c Section 1202 gain \$	2d Collectibles (28%) gain \$	
RECIPIENT'S name NILA AMBERSON		3 Nondividend distributions \$	4 Federal income tax withheld \$	
Street address (including apt. no.) 315 WEST AVE		6 Foreign tax paid \$	5 Investment expenses \$	
City or town, state or province, country, and ZIP or foreign postal code TEMPLE, TX 76501		8 Cash liquidation distributions \$	7 Foreign country or U.S. possession \$	
		FATCA filing requirement <input type="checkbox"/>	10 Exempt-interest dividends \$	9 Noncash liquidation distributions \$
Account number (see instructions)		12 State	13 State identification no.	11 Specified private activity bond interest dividends \$
				14 State tax withheld \$

Dividends and Distributions

**Copy B
For Recipient**

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

Form **1099-DIV**

(keep for your records)

www.irs.gov/form1099div

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. FIRST NATIONAL BANK OF TEMPLE 1700 EAST AVE TEMPLE, TX 76502		Payer's RTN (optional)		OMB No. 1545-0112		2016 Form 1099-INT	Interest Income
		1 Interest income		\$ 6000.00			
PAYER'S federal identification number		RECIPIENT'S identification number		2 Early withdrawal penalty		Copy B For Recipient	
74-6767005		448-56-2301		\$			
RECIPIENT'S name GEORGE & NILE AMBERSON Street address (including apt. no.) 315 WEST AVE City or town, state or province, country, and ZIP or foreign postal code TEMPLE, TX 76501		4 Federal income tax withheld		5 Investment expenses		This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
		\$		\$			
FATCA filing requirement <input type="checkbox"/>		6 Foreign tax paid		7 Foreign country or U.S. possession			
		\$					
Account number (see instructions)		8 Tax-exempt interest		9 Specified private activity bond interest			
		\$		\$			
		10 Market discount		11 Bond premium			
		\$		\$			
		12 Bond premium on Treasury obligations		13 Bond premium on tax-exempt bond			
		\$		\$			
		14 Tax-exempt and tax credit bond CUSIP no.		15 State		16 State identification no.	
						17 State tax withheld	
						\$	
						\$	

Form **1099-INT**

(keep for your records)

www.irs.gov/form1099int

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. McLENNAN COUNTY SAVINGS & LOAN 1900 EAST AVE TEMPLE, TX 76502		Payer's RTN (optional)	OMB No. 1545-0112		2016	Interest Income
PAYER'S federal identification number 74-2345889		1 Interest income \$ 100.00		Form 1099-INT		
RECIPIENT'S identification number 460-30-2020		2 Early withdrawal penalty \$		3 Interest on U.S. Savings Bonds and Treas. obligations \$		Copy B For Recipient
RECIPIENT'S name NILA AMBERSON Street address (including apt. no.) 315 WEST AVE City or town, state or province, country, and ZIP or foreign postal code TEMPLE, TX 76501		4 Federal income tax withheld \$				
FATCA filing requirement <input type="checkbox"/>		6 Foreign tax paid \$		7 Foreign country or U.S. possession		This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number (see instructions)		8 Tax-exempt interest \$		9 Specified private activity bond interest \$		
		10 Market discount \$		11 Bond premium \$		
		12 Bond premium on Treasury obligations \$		13 Bond premium on tax-exempt bond \$		
		14 Tax-exempt and tax credit bond CUSIP no.		15 State	16 State identification no.	17 State tax withheld \$

Form **1099-INT**

(keep for your records)

www.irs.gov/form1099int

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. MICROSOFT, INC 303 S JACKSON ST SEATTLE, WA 98104		Payer's RTN (optional)	OMB No. 1545-0112 2016 Form 1099-INT		Interest Income	
PAYER'S federal identification number 76-1167888		RECIPIENT'S identification number 460-30-2020	1 Interest income \$ 175.00 2 Early withdrawal penalty \$ 3 Interest on U.S. Savings Bonds and Treas. obligations \$			
RECIPIENT'S name NILA AMBERSON Street address (including apt. no.) 315 WEST AVE City or town, state or province, country, and ZIP or foreign postal code TEMPLE, TX 76501		4 Federal income tax withheld \$ 6 Foreign tax paid \$ 8 Tax-exempt interest \$ 10 Market discount \$		5 Investment expenses \$ 7 Foreign country or U.S. possession \$ 9 Specified private activity bond interest \$ 11 Bond premium \$ 12 Bond premium on Treasury obligations \$ 13 Bond premium on tax-exempt bond \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>		14 Tax-exempt and tax credit bond CUSIP no. 15 State 16 State identification no. 17 State tax withheld \$ \$		

Form **1099-INT**

(keep for your records)

www.irs.gov/form1099int

Department of the Treasury - Internal Revenue Service

2.3 Dividends Received:

- A. The Ambersons received a Form 1099-DIV from each of the following sources:

Dalbey Corporation
Draper Corporation
Interworld Growth Fund

Each Form 1099-DIV is attached.

2.4 Interest Received:

- A. The Ambersons received a Form 1099-INT from each of the following sources:

First National Bank of Temple
McLennan County Savings and Loan
Microsoft, Inc.

Each Form 1099-INT is attached.

- B. Nila also received interest of \$3,400 on City of Temple general obligation bonds. The City of Temple was not required to file a Form 1099-INT with the IRS.

2.5 Sale of Capital Assets:

The Ambersons sold the following capital assets:

<u>Description Of Asset:</u>	<u>Date of Acquisition:</u>	<u>Date of Sale:</u>	<u>Proceeds from Sale:</u>	<u>Method of Acquisition:</u>	<u>Method of Sale:</u>
500 Shares Draper Corp.	11/19/08	1/13/16	41,000	Purchased by George for \$50,000	Sold directly to Nila's friend Willie
200 Shares Dalbey Corp.	3/17/07	6/27/16	\$4,000	Purchased By Nila for for \$2,500	Sold on New York Stock Exchange
1,000 Shares Parli Corp.	7/3/16	12/15/16	\$2,000	Purchased by Ambersons for \$3,000	Sold on Mexico City Stock Exchange
Diamond Pendant	6/9/09	6/15/16	\$15,000	Inherited by Nila from her mother. Basis to mother was \$2,700. FMV at Time of death Was \$11,400.	Sold directly to unrelated jewelry dealer

<u>Description Of Asset:</u>	<u>Date of Acquisition:</u>	<u>Date of Sale:</u>	<u>Proceeds from Sale:</u>	<u>Method of Acquisition:</u>	<u>Method of Sale:</u>
Silver tea Service	9/25/06	7/12/16	\$900	Received by George as a gift. Basis to donor was \$300 FMV at time of Gift was \$700. *	Sold to unrelated neighbor

* The donor paid no gift tax on the gift.

All assets listed above were held by the Ambersons for investment purposes.

2.6 Other Investments:

- A. George is a general partner of Harrison Tubulars, LP. He owns a 15 percent interest in the partnership. He devoted 200 hours to the operation of the partnership. The three other partners contributed 140, 420 and 80 hours respectively. His basis in his partnership interest at the beginning of 2015 was \$44,000. His Form K-1 from Harrison Tubulars is attached.
- B. George is a shareholder of Amberson Brothers, Inc., an S corporation. He owns 20 percent of all shares in the corporation. George devoted only 100 hours to the operation of the corporation. The other shareholder contributed only 40 hours to the corporation. The corporation has no employees. His basis in his stock at the beginning of 2014 was \$25,000. His Form K-1 from Amberson Brothers, Inc. is attached.

2.7 Other Income:

A. The Ambersons received the following:

- Nila received a 1948 Oldsmobile automobile as a late wedding gift from Uncle Victor. The Oldsmobile was purchased for \$12,000 in 1980, but was worth \$28,000 at the time of the gift.
- George won \$1,700 in a poker game. He had no gambling losses during the year.
- George inherited \$2,000 from his grandmother.
- Nila was paid \$140 in jury duty fees.
- Nila received the "Outstanding Professor in English Award" from Howard Payne University. She received \$200 as part of the award. This cash prize was included on her Form W-2 received from Howard Payne University.

Schedule K-1 (Form 1065)

2016

Department of the Treasury Internal Revenue Service

For calendar year 2016, or tax year beginning _____, 2016 ending _____, 20

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

See back of form and separate instructions.

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

Table with 2 columns: Item number and Description. Rows include: 1 Ordinary business income (loss) <3000.00>, 2 Net rental real estate income (loss), 3 Other net rental income (loss), 4 Guaranteed payments, 5 Interest income, 6a Ordinary dividends, 6b Qualified dividends, 7 Royalties, 8 Net short-term capital gain (loss), 9a Net long-term capital gain (loss), 9b Collectibles (28%) gain (loss), 9c Unrecaptured section 1250 gain, 10 Net section 1231 gain (loss), 11 Other income (loss), 12 Section 179 deduction, 13 Other deductions, 14 Self-employment earnings (loss), 15 Credits, 16 Foreign transactions, 17 Alternative minimum tax (AMT) items, 18 Tax-exempt income and nondeductible expenses, 19 Distributions, 20 Other information.

Part I Information About the Partnership

A Partnership's employer identification number 74-2545890
B Partnership's name, address, city, state, and ZIP code HARRISON TUBULARS LP 800 N WASHINGTON MARSHALL, TX 76504
C IRS Center where partnership filed return OGDEN, UT 84201
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 448-56-2301
F Partner's name, address, city, state, and ZIP code GEORGE AMBERSON 315 WEST AVE TEMPLE, TX 76501
G General partner or LLC member-manager (checked)
H Domestic partner (checked)
I1 What type of entity is this partner? INDIVIDUAL
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit 15 % 15 %
Loss 15 % 15 %
Capital 15 % 15 %
K Partner's share of liabilities at year end:
Nonrecourse \$
Qualified nonrecourse financing \$
Recourse \$ 5000.00
L Partner's capital account analysis:
Beginning capital account \$
Capital contributed during the year \$
Current year increase (decrease) \$
Withdrawals & distributions \$ ()
Ending capital account \$
M Did the partner contribute property with a built-in gain or loss? Yes No

*See attached statement for additional information. For IRS Use Only

EXPENSES

3.1 Medical Expenses:

The Ambersons paid the following unreimbursed medical-related expenses:

• Medical insurance premium on George	\$3,800
• Psychiatrist for Nila	2,500
• Weight reduction clinic for George	1,600
• Ambulance services for Killian	400

3.2 Payments on Debt:

The Ambersons paid the following from their personal checking account:

• Mortgage interest on George's home	\$1,400 (Bank of Temple)
• Principal on home mortgage on George's home	5,800(Bank of Temple)
• Interest charged on their VISA charge account	700
• Principal paid to VISA	4,000
• Interest on loan from friend	300
• Principal paid to friend	1,000
• Interest on loan to buy automobile	3,400(Texas Bank Corp)

3.3 Payment of State and Local Taxes and Fees:

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

• Property taxes on George's home	\$1,900
• Property taxes on Nila's home	295

B. The applicable sales tax rate in Temple, Texas is 7.25 percent. The Ambersons had no major purchases on which they paid sales tax in 2016. The Ambersons failed to maintain adequate records substantiating purchases subject to the sales tax. Note that Texas does not impose any individual income tax. The table for 7.25% shows a deduction of \$2,218.

3.4 Charitable Contributions:

The Ambersons made cash payments from their personal checkbook to each of the following:

• United Way	\$2,000
• Knox College	4,000
• American Leukemia Society	2,000
• Boy Scouts of America	400
• Mexican Red Cross	1,000
• Elks Lodge	100*

* Represents payments of George's annual dues.

3.5 Educational Expenses:

- A. Nila paid \$900 for an internet-based course on documentary evidence that all plays attributed to William Shakespeare were actually written by the contemporary German nihilist Hans Bach. The course was offered by the University of St. Thomas in Houston.

3.6 Other Expenses and Payments:

- A. The Ambersons made the following payments out of their personal checkbook:

• Membership dues to American English	\$600
• Literary Association Contribution to campaign fund of U.S. Senator Kay Hutchinson	200
• Tax preparation fees	300

3.7 Quarterly Federal Tax Deposits:

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

• April 15, 2016 1 st estimate for 2016	10,000
• June 15, 2016 2 nd estimate for 2016	10,000
• September 15, 2016 3 rd estimate for 2016	10,000
• January 17, 2017 4 th estimate for 2016	10,000