



A World of Difference

**The Scarborough Group of Companies, Inc.
4615 North Park Avenue #1411**



Jun 29 12 11:35a

George Scarborough

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THE SCARBOROUGH GROUP OF COMPANIES, INC.

EIN: [REDACTED]

SCARBOROUGH AVIATION, INC.

EIN: S [REDACTED]

SCARBOROUGH ASSOCIATES & INVESTORS, INC.

EIN: [REDACTED]

SCARBOROUGH CARGO SHIPPING, N.A.

EIN: [REDACTED]

SCARBOROUGH FREIGHT & TRANSPORTATION SYSTEMS, INC.

EIN: [REDACTED] USDOT:531991 MC # 409859

INTERNATIONAL CRUISE LINES, INC.

EIN: [REDACTED]

PELICAN INVESTMENT GROUP, INC.

EIN: [REDACTED]



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**OFFICIAL
CORPORATE RECORDS
OF
THE SCARBOROUGH GROUP OF
COMPANIES, INC.**



9 EAST LOOCKERMAN STREET, SUITE 3A • DOVER, DE 19901

TELEPHONE [REDACTED]

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:40 AM 10/17/2007
FILED 11:40 AM 10/17/2007
SRV 071124875 - 4442224 FILE

**CERTIFICATE OF INCORPORATION
OF
THE SCARBOROUGH GROUP OF COMPANIES, INC.**

ARTICLE 1 - NAME. The name of this Corporation is THE SCARBOROUGH GROUP OF COMPANIES, INC.

ARTICLE 2 - REGISTERED OFFICE AND REGISTERED AGENT. The registered office in the State of Delaware is to be located at 9 East Lockerman Street, Suite 3A, in the City of Dover, County of Kent, Zip Code 19901. The registered agent in charge thereof is Spiegel & Utrera, P.A.

ARTICLE 3 - PURPOSE. The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporations Law of Delaware.

ARTICLE 4 - CORPORATE CAPITALIZATION. The amount of the total stock of this corporation is authorized to issue is 3,000 shares with a par value of \$1.00 per share. All holders of shares of common stock shall be identical with each other in every respect.

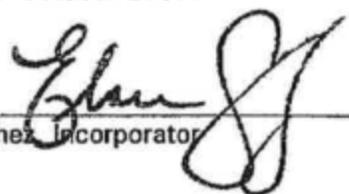
ARTICLE 5 - INCORPORATOR. The name and mailing address of the incorporator is Elsie Sanchez, 9 East Lockerman Street, Suite 3A, Dover, Delaware 19901.

ARTICLE 6 - DIRECTORS. The initial Directors of the Corporation shall be George Scarborough and George Scarborough, II, whose mailing address shall be 4615 North Park Avenue #1411, Chevy Chase, Maryland 20815, which shall be the principal office of the Corporation.

ARTICLE 7 - SUB-CHAPTER S CORPORATION. The Corporation may elect to be an S Corporation, as provided in Sub-Chapter S of the Internal Revenue Code of 1986, as amended, and may thereby subject itself to the privileges, restrictions and limitations set forth therein.

ARTICLE 8 - INDEMNIFICATION. The corporation shall have the power to indemnify any person to the full extent permitted by Title 8, section 145 of the Delaware Code. A copy of the Indemnification Agreement, if any, is on file at the principal office of the Corporation.

I, **The Undersigned**, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 17 October 2007.



Elsie Sanchez, Incorporator

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "THE SCARBOROUGH GROUP OF COMPANIES, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINETEENTH DAY OF OCTOBER, A.D. 2007.

4442224 8300

071130709



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6087537

DATE: 10-19-07

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George Scarborough

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CINCINNATI OH 45999-0046

OMB Clearance No.: 1545-0146

In reply refer to: 0223538709
Dec. 10, 2007 LTR 312C 1
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00004178
BODC: SB

SCARBOROUGH GROUP OF COMPANIES CORP
4615 N PARK AVE STE 1411
CHEVY CHASE MD 20815

Taxpayer Identification Number: [REDACTED]

Dear Taxpayer:

On Oct. 29, 2007, we received your Form 2553, Election by a Small Business Corporation, in which your organization filed an election to be treated as an S corporation for income tax purposes.

We need more information before we can process your Form 2553. Please furnish the following information:

The required consent statements of all shareholders. For each shareholder, please include the following:

Shareholder's signature

Signature and title of an officer of the corporation.

This election to be treated as an S corporation must contain all required information and be timely filed. To help you meet the filing period requirements, we have granted you 30 days from the date of this letter to respond.

If you do not provide all the required information, you cannot file as an S corporation.

We have enclosed an envelope for your convenience.

If you have any questions, please call us toll free at 1-800-829-0115.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

MINUTES OF SPECIAL MEETING OF DIRECTORS
OF
THE SCARBOROUGH GROUP OF COMPANIES, INC.

The Special Meeting of Directors was held at [REDACTED] Chevy Chase, Maryland 20815 on 22 October 2007, at 3:30 o'clock this p.m.

The following were present:

George Scarborough
George Scarborough, II

being all of the Directors of the Corporation.

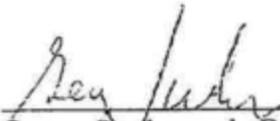
A discussion was had among the Directors as to the relative merits of entering into the draft Indemnification Agreement and Covenant Not To Sue which is attached hereto.

Upon motion duly made, seconded and carried, it was

RESOLVED that the Corporation by and through its President is hereby authorized to execute the aforesaid Indemnification Agreement and Covenant Not To Sue.

There being no further business before the meeting, on motion duly made, seconded and carried, the meeting was adjourned.

DATE: 22 October 2007



George Scarborough, Director



George Scarborough, II, Director

WAIVER OF NOTICE OF SPECIAL MEETING OF DIRECTORS

OF

THE SCARBOROUGH GROUP OF COMPANIES, INC.

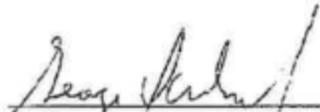
We, the undersigned, being all the Directors of the above named Corporation hereby agree and consent that the Special Meeting of Directors be held on the date and at the time and place stated below for the purpose authorizing the Corporation to enter into a Indemnification Agreement and Covenant Not To Sue and to transact thereat all such other business as may lawfully come before said meeting and hereby waive all notice of the meeting and any adjournment thereof.

Place of Meeting:



Date of Meeting: 22 October 2007

Time of Meeting: 3:30 p.m.


George Scarborough, Director


George Scarborough, M, Director

MINUTES OF SPECIAL MEETING OF SHAREHOLDERS
OF
THE SCARBOROUGH GROUP OF COMPANIES, INC.

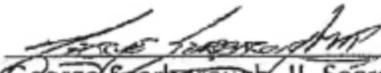
A Special Meeting of Shareholders of the Corporation was held at 4615 North Park Avenue #1411, Chevy Chase, Maryland 20815 on the 22 October 2007 at 3:00 o'clock this pm.

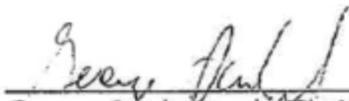
All of the Shareholders being present, the meeting was called to order by the Chairman. The Chairman advised that all the shareholders had executed written consents to the election by the Corporation to be treated as a "Small Business Corporation". Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the proper officers of the Corporation are hereby authorized to take any and all action necessary to comply with the requirements of the Internal Revenue Service for making an election pursuant to Sub Chapter S of the Internal Revenue Code of 1986, as amended.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

DATED: 22 October 2007


George Scarborough, II, Secretary


George Scarborough, Chairman

SCARBOROUGH GROUP OF COMPANIES CORP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

See Accompanying Accountants Report

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George Scarborough

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[REDACTED]
3000 WISCONSIN AVE STE 100
CHEVY CHASE MD 20815

Accountant's Compilation Report

SCARBOROUGH GROUP OF COMPANIES CORP
4615 N PARK AVE STE 1411
CHEVY CHASE, MD 20815

We have compiled the accompanying statement of assets, liabilities, and equity - cash basis of SCARBOROUGH GROUP OF COMPANIES CORP, an S Corporation, as of December 31, 2010, and the related statement of revenues, expenses, and retained earnings - cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The shareholders have elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

H&R Block Premium
02-28-2011

SCARBOROUGH GROUP OF COMPANIES CORP
 STATEMENT OF REVENUES AND EXPENSES - CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUES		\$221,141,450
COST OF REVENUES		
TOTAL COST OF REVENUES	-----	0
GROSS PROFIT		----- 221,141,450
OPERATING EXPENSES		
TOTAL OPERATING EXPENSES (See Statement)		187,477,006
TOTAL OPERATING INCOME (LOSS)		----- 33,664,444
OTHER REVENUE AND EXPENSE ITEMS		
TOTAL OTHER REVENUE AND EXPENSES	-----	0
NET INCOME (LOSS)		----- \$33,664,444 -----
RECONCILING ITEMS FROM SCHEDULE M-1		0
NET INCOME (LOSS) PER BOOK		\$33,664,444 =====

*SEE ACCOUNTANTS COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - CASH BASIS
 DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash	\$37,357,311	
Accounts Receivable	78,450,353	

TOTAL CURRENT ASSETS		----- \$115,807,664
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LONG TERM ASSETS

Buildings and Other Depreciable Assets	572,267,728	
Less: Accumulated Depreciation	-215,123,553	

TOTAL LONG TERM ASSETS		----- 357,144,175
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TOTAL ASSETS		----- \$472,951,839 =====
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*SEE ACCOUNTANT'S COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - CASH BASIS
 DECEMBER 31, 2010

LIABILITIES AND STOCKHOLDERS EQUITY

SHORT TERM LIABILITIES		
Accounts Payable	\$15,982	
Other Current Liabilities	146,420	

TOTAL SHORT TERM LIABILITIES		\$162,402
LONG TERM LIABILITIES		
Long Term Note Payable	108,995,278	

TOTAL LONG TERM LIABILITIES		108,995,278
TOTAL LIABILITIES		109,157,680
STOCKHOLDERS EQUITY		
Capital Stock	1,000	
Additional Paid-In Capital	49,000	
Retained Earnings	363,744,159	

TOTAL STOCKHOLDERS EQUITY		363,794,159
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY		\$472,951,839
		=====

*SEE ACCOUNTANTS COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
STATEMENT OF RETAINED EARNINGS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

RETAINED EARNINGS - 01-01-10		\$152,585,476
ORDINARY INCOME (LOSS)	\$33,664,444	

TOTAL INCREASES		33,664,444

TOTAL DECREASES		0
RECONCILING ITEMS BETWEEN RET. EARNINGS AND SCH M-2		177,494,239

RETAINED EARNINGS - DECEMBER 31, 2010		\$363,744,159
		=====

*SEE ACCOUNTANT'S COMPILATION REPORT

2010

SHAREHOLDER #1

SCARBOROUGH GROUP OF COMPANIES CORP

4615 N. PARK AVE STE 1411
[REDACTED]

GEORGE SCARBOROUGH, SR.
[REDACTED]

Attached is your copy of Schedule K-1 to the U.S. Income Tax Return for an S Corporation (Form 1120S) which was filed with the Internal Revenue Service and shows your share of distribution from:

SCARBOROUGH GROUP OF COMPANIES CORP
[REDACTED]

The items of income, loss, deduction or credit which appear in the enclosed material may have an important bearing in the determination of your taxable income. However, the provisions of the income tax laws are complex and may be interpreted differently for different taxpayers. For this reason, you may wish to seek the assistance of your tax advisor with respect to the proper treatment of these items in your federal and state returns.

We have prepared this information from unaudited data supplied by the tax matters person. We did not attempt to verify any of the information and elections contained therein. The returns are subject to examination by the taxing authorities and, accordingly, the income losses, deductions or credits which appear are subject to possible adjustment.

Schedule K-1
(Form 1120S)

2010

Department of the Treasury
Internal Revenue Service

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

Shareholder's Share of Income, Deductions,
Credits, etc. ▶ See page 2 and separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Inc., Deductions, Credits, and Other Items	
A Corporation's employer identification number [REDACTED]		1 Ordinary business inc. (loss) 26,931,555	13 Credits
B Corporation's name, address, city, state, and ZIP code SCARBOROUGH GROUP OF COMPANIES CORP 4615 N PARK AVE STE 1411 CHEVY CHASE MD 20815		2 Net rental real estate inc. (loss)	14 Foreign transactions
C IRS Center where corporation filed return OGDEN		3 Other net rental income (loss)	
D Shareholder's identifying number [REDACTED]		4 Interest income	
E Shareholder's name, address, city, state, and ZIP code GEORGE SCARBOROUGH, SR. 4615 NORTH PARK AVENUE, #1411 CHEVY CHASE, MD 20815		5a Ordinary dividends	
F Shareholder's percentage of stock ownership for tax year. 80.0000%		5b Qualified dividends	6 Royalties
For IRS Use Only		7 Net short-term cap. gain (loss)	7a Net long-term cap. gain (loss)
		8a Net long-term cap. gain (loss)	8b Collectibles (28%) gain (loss)
		8b Collectibles (28%) gain (loss)	8c Unrecaptured sec. 1250 gain
		9 Net section 1231 gain (loss)	10 Other income (loss)
		10 Other income (loss)	15 Alternative min. tax (AMT) items A -6,008,264
		11 Section 179 deduction	16 Items affecting shareholder basis
		12 Other deductions	17 Other information
		* See attached statement for additional information.	

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2010

JVA 10 120SK112 TWP 39183 Copyright Forms (Software Only) - 2010 TW

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George Scarborough

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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.

	Code	Report on
1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:		
Passive loss		
Passive income		
Nonpassive loss		
Nonpassive income		
2. Net rental real estate income (loss)		
3. Other net rental income (loss)		
Net income		
Net loss		
4. Interest income		
5a. Ordinary dividends		
5b. Qualified dividends		
6. Royalties		
7. Net short-term capital gain (loss)		
8a. Net long-term capital gain (loss)		
8b. Collectibles (28%) gain (loss)		
8c. Unrecaptured section 1250 gain		
9. Net section 1231 gain (loss)		
10. Other income (loss)		
Code		
A Other portfolio income (loss)		
B Involuntary conversions		
C Sec. 1256 contracts & straddles		
D Mining exploration costs recapture		
E Other income (loss)		
11. Section 179 deduction		
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		
I Deductions—royalty income		
J Section 59(e)(2) expenditures		
K Deductions—portfolio (2% floor)		
L Deductions—portfolio (other)		
M Preproductive period expenses		
N Commercial revitalization deduction from rental real estate activities		
O Reforestation expense deduction		
P Domestic production activities information		
Q Qualified production activities income		
R Employer's Form W-2 wages		
S Other deductions		
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		
I Alcohol and cellulosic biofuel fuels credit		
J Work opportunity credit		
K Disabled access credit		
L Empowerment zone and renewal community employment credit		
M Credit for increasing research activities		
N Credit for employer social security and Medicare taxes		
O Backup withholding		
P Other credits		
14. Foreign transactions		
A Name of country or U.S. possession		
B Gross income from all sources		
C Gross income sourced at shareholder level		
Foreign gross income sourced at corporate level		
D Passive category		
E General category		
F Other		
Deductions allocated and apportioned at shareholder level		
G Interest expense		
H Other		
Deductions allocated and apportioned at corporate level to foreign source income		
I Passive category		
J General category		
K Other		
Other information		
L Total foreign taxes paid		
M Total foreign taxes accrued		
N Reduction in taxes available for credit		
O Foreign trading gross receipts		
P Extraterritorial income exclusion		
Q Other foreign transactions		
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		
B Other tax-exempt income		
C Non-deductible expenses		
D Distributions		
E Repayment of loans from shareholders		
17. Other information		
A Investment income		
B Investment expenses		
C Qualified rehabilitation expenditures (other than rental real estate)		
D Basis of energy property		
E Recapture of low-income housing credit (section 42(j)(5))		
F Recapture of low-income housing credit (other)		
G Recapture of investment credit		
H Recapture of other credits		
I Look-back interest—completed long-term contracts		
J Look-back interest—income forecast method		
K Dispositions of property with section 179 deductions		
L Recapture of section 179 deduction		
M Section 453(i)(3) information		
N Section 453A(c) information		
O Section 1290(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(j) information		
U Other information		

2010

SHAREHOLDER #2

SCARBOROUGH GROUP OF COMPANIES CORP

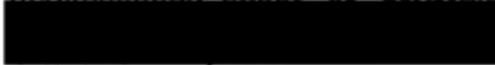


GEOGE SCARBOROUGH, II



Attached is your copy of Schedule K-1 to the U.S. Income Tax Return for an S Corporation (Form 1120S) which was filed with the Internal Revenue Service and shows your share of distribution from:

SCARBOROUGH GROUP OF COMPANIES CORP



The items of income, loss, deduction or credit which appear in the enclosed material may have an important bearing in the determination of your taxable income. However, the provisions of the income tax laws are complex and may be interpreted differently for different taxpayers. For this reason, you may wish to seek the assistance of your tax advisor with respect to the proper treatment of these items in your federal and state returns.

We have prepared this information from unaudited data supplied by the tax matters person. We did not attempt to verify any of the information and elections contained therein. The returns are subject to examination by the taxing authorities and, accordingly, the income losses, deductions or credits which appear are subject to possible adjustment.



Schedule K-1
(Form 1120S)

2010

Department of the Treasury
Internal Revenue Service

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

Shareholder's Share of Income, Deductions,
Credits, etc. ▶ See page 2 and separate instructions.

Part III Shareholder's Share of Current Year Inc., Deductions, Credits, and Other Items	
1 Ordinary business inc. (loss) 1,683,222	13 Credits
2 Net rental real estate inc. (loss)	
3 Other net rental income (loss)	
4 Interest income	
5a Ordinary dividends	
5b Qualified dividends	14 Foreign transactions
6 Royalties	
7 Net short-term cap. gain (loss)	
8a Net long-term cap. gain (loss)	
8b Collectibles (28%) gain (loss)	
8c Unrecaptured sec. 1250 gain	
9 Net section 1231 gain (loss)	
10 Other income (loss)	15 Alternative min. tax (AMT) items A -375,516
11 Section 179 deduction	16 Items affecting shareholder basis
12 Other deductions	
	17 Other information

Part I Information About the Corporation	
A Corporation's employer identification number [REDACTED]	
B Corporation's name, address, city, state, and ZIP code SCARBOROUGH GROUP OF COMPANIES CORP 4615 N PARK AVE STE 1411 CHEVY CHASE MD 20815	
C IRS Center where corporation filed return OGDEN	
Part II Information About the Shareholder	
D Shareholder's identifying number [REDACTED]	
E Shareholder's name, address, city, state, and ZIP code GEOGE SCARBOROUGH, II [REDACTED]	
F Shareholder's percentage of stock ownership for tax year. 5.0000%	
For IRS Use Only	

* 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 (i) | |
- 2. Net rental real estate income (loss)** See the Shareholder's Instructions
- 3. Other net rental income (loss)**
- | | |
|------------|------------------------------------|
| Net income | Schedule E, line 26, 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 4
- 7. Net short-term capital gain (loss)** Schedule D, line 5, column (f)
- 8a. Net long-term capital gain (loss)** Schedule D, line 12, column (f)
- 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)**
- | | | |
|---|------------------------------------|--|
| Code | | |
| 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%) | See the Shareholder's Instructions |
| 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%) | Form 4952, line 1 |
| G Contributions (100%) | |
| H Investment interest expense | Schedule E, line 18 |
| I Deductions—royalty income | See the Shareholder's Instructions |
| J Section 59(e)(2) expenditures | Schedule A, line 23 |
| K Deductions—portfolio (2% floor) | Schedule A, line 26 |
| L Deductions—portfolio (other) | See the Shareholder's Instructions |
| M Preproductive period expenses | See Form 6582 Instructions |
| N Commercial revitalization deduction from rental real estate activities | See the Shareholder's Instructions |
| O Reforestation expense deduction | See Form 8893 Instructions |
| P Domestic production activities information | Form 8903, line 7b |
| Q Qualified production activities income | Form 8903, line 17 |
| R Employer's Form W-2 wages | See the Shareholder's Instructions |
| S Other deductions | |
- 13. Credits**
- | | |
|--|------------------------------------|
| A Low-income housing credit (section 42(i)(5)) from pre-2008 buildings | See the Shareholder's Instructions |
| B Low-income housing credit (other) from pre-2008 buildings | See the Shareholder's Instructions |
| C Low-income housing credit (section 42(i)(5)) from post-2007 buildings | Form 8586, line 11 |
| D Low-income housing credit (other) from post-2007 buildings | Form 8586, line 11 |
| E Qualified rehabilitation expenditures (rental real estate) | See the Shareholder's Instructions |
| F Other rental real estate credits | |
| G Other rental credits | Form 1040, line 71, box a |
| H Undistributed capital gains credit | |
| I Alcohol and cellulosic biofuel fuels credit | Form 8478, line 8 |
| J Work opportunity credit | Form 8864, line 3 |
| K Disabled access credit | See the Shareholder's Instructions |
| L Empowerment zone and renewal community employment credit | Form 8844, line 3 |

- | | | |
|---|--|------------------------------------|
| Code | | Report on |
| M Credit for increasing research activities | | See the Shareholder's Instructions |
| N Credit for employer social security and Medicare taxes | | Form 8846, line 5 |
| O Backup withholding | | Form 1040, line 61 |
| P Other credits | | See the Shareholder's Instructions |
- 14. Foreign transactions**
- | | | |
|--|------------------------------------|-------------------|
| A Name of country or U.S. possession | Form 1116, Part I | |
| B Gross income from all sources | | |
| C Gross income sourced at shareholder level | | |
| Foreign gross income sourced at corporate level | | Form 1116, Part I |
| D Passive category | | |
| E General category | | |
| F Other | | |
| Deductions allocated and apportioned at shareholder level | | Form 1116, Part I |
| G Interest expense | | |
| H Other | | |
| Deductions allocated and apportioned at corporate level to foreign source income | | Form 1116, Part I |
| I Passive category | | |
| J General category | | |
| K Other | | |
| Other information | | |
| 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 | See the Shareholder's Instructions and the Instructions for Form 6251 |
| 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 | |
| F Other information | |
- 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(i)(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 8897 |
| J Look-back interest—income forecast method | See Form 8860 |
| K Dispositions of property with section 179 deductions | See the Shareholder's Instructions |
| L Recapture of section 179 deduction | |
| M Section 453(i)(3) information | |
| N Section 453A(d) information | |
| O Section 1290(b) information | |
| P Interest allocable to production expenditures | |
| Q CCF nonqualified withdrawals | |
| R Depreciation information—oil and gas | |
| S Amortization of reforestation costs | |
| T Section 106(i) information | |
| U Other information | |

2010

SHAREHOLDER #3

SCARBOROUGH GROUP OF COMPANIES CORP
[REDACTED]

CAOLYN A. STEVENS
[REDACTED]

Attached is your copy of Schedule K-1 to the U.S. Income Tax Return for an S Corporation (Form 1120S) which was filed with the Internal Revenue Service and shows your share of distribution from:

SCARBOROUGH GROUP OF COMPANIES CORP
[REDACTED]

The items of income, loss, deduction or credit which appear in the enclosed material may have an important bearing in the determination of your taxable income. However, the provisions of the income tax laws are complex and may be interpreted differently for different taxpayers. For this reason, you may wish to seek the assistance of your tax advisor with respect to the proper treatment of these items in your federal and state returns.

We have prepared this information from unaudited data supplied by the tax matters person. We did not attempt to verify any of the information and elections contained therein. The returns are subject to examination by the taxing authorities and, accordingly, the income losses, deductions or credits which appear are subject to possible adjustment.

671110

OMB No. 1545-0130

Schedule K-1 (Form 1120S)

2010

Department of the Treasury Internal Revenue Service

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

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

See page 2 and separate instructions.

Final K-1 Amended K-1

Part III Shareholder's Share of Current Year Inc., Deductions, Credits, and Other Items

Table with 2 columns: Item number and Description. Rows include: 1 Ordinary business inc. (loss) 1,683,222; 13 Credits; 2 Net rental real estate inc. (loss); 3 Other net rental income (loss); 4 Interest income; 5a Ordinary dividends; 5b Qualified dividends; 14 Foreign transactions; 6 Royalties; 7 Net short-term cap. gain (loss); 8a Net long-term cap. gain (loss); 8b Collectibles (28%) gain (loss); 8c Unrecaptured sec. 1250 gain; 9 Net section 1231 gain (loss); 10 Other income (loss); 15 Alternative min. tax (AMT) items -375,516; 11 Section 179 deduction; 16 Items affecting shareholder basis; 12 Other deductions; 17 Other information.

Part I Information About the Corporation

A Corporation's employer identification number; B Corporation's name, address, city, state, and ZIP code SCARBOROUGH GROUP OF COMPANIES CORP; C IRS Center where corporation filed return OGDEN

Part II Information About the Shareholder

D Shareholder's identifying number; E Shareholder's name, address, city, state, and ZIP code CAOLYN A STEVENS; F Shareholder's percentage of stock ownership for tax year 5.0000%

For IRS Use Only

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2010

Schedule K-1 (Form 1120S) 2010 CAOLYN A. STEVENS

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 (i)
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 (p)
 - 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 4
7. **Net short-term capital gain (loss)** Schedule D, line 5, column (f)
- 8a. **Net long-term capital gain (loss)** Schedule D, line 12, column (f)
- 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)**
 - Code
 - A Other portfolio income (loss) See the Shareholder's Instructions
 - B Involuntary conversions See the Shareholder's Instructions
 - C Sec. 1256 contracts & straddles Form 8781, 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%) See the Shareholder's Instructions
 - B Cash contributions (30%) See the Shareholder's Instructions
 - C Noncash contributions (50%) See the Shareholder's Instructions
 - D Noncash contributions (30%) See the Shareholder's Instructions
 - E Capital gain property to a 50% organization (30%) See the Shareholder's Instructions
 - F Capital gain property (20%) See the Shareholder's Instructions
 - G Contributions (100%) See the Shareholder's Instructions
 - H Investment interest expense Form 4952, line 1
 - I Deductions--royalty income Schedule E, line 18
 - 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 8552 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 See the Shareholder's Instructions
 - B Low-income housing credit (other) from pre-2008 buildings See the Shareholder's Instructions
 - C Low-income housing credit (section 42(j)(5)) from post-2007 buildings Form 8586, line 11
 - D Low-income housing credit (other) from post-2007 buildings Form 8586, line 11
 - E Qualified rehabilitation expenditures (rental real estate) See the Shareholder's Instructions
 - F Other rental real estate credits See the Shareholder's Instructions
 - G Other rental credits See the Shareholder's Instructions
 - H Undistributed capital gains credit Form 1040, line 71, box a
 - I Alcohol and cellulosic biofuel fuels credit Form 8478, line 8
 - J Work opportunity credit Form 5864, line 3
 - K Disabled access credit See the Shareholder's Instructions
 - L Empowerment zone and renewal community employment credit Form 5844, line 3

- | Code | Report on |
|--|---|
| M Credit for increasing research activities | See the Shareholder's Instructions |
| N Credit for employer social security and Medicare taxes | Form 8848, line 5 |
| O Backup withholding | Form 1040, line 61 |
| P Other credits | See the Shareholder's Instructions |
| 14. Foreign transactions | |
| A Name of country or U.S. possession | Form 1118, Part I |
| B Gross income from all sources | |
| C Gross income sourced at shareholder level | |
| Foreign gross income sourced at corporate level | |
| D Passive category | Form 1118, Part I |
| E General category | |
| F Other | |
| Deductions allocated and apportioned at shareholder level | |
| G Interest expense | Form 1118, Part I |
| H Other | Form 1118, Part I |
| Deductions allocated and apportioned at corporate level to foreign source income | |
| I Passive category | Form 1118, Part I |
| J General category | |
| K Other | |
| Other information | |
| L Total foreign taxes paid | Form 1118, Part II |
| M Total foreign taxes accrued | Form 1118, Part II |
| N Reduction in taxes available for credit | Form 1118, 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 | See the Shareholder's Instructions and the Instructions for Form 6251 |
| 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 | |
| F Other | |
| 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 8511, line 8 |
| F Recapture of low-income housing credit (other) | Form 8511, 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 8597 |
| J Look-back interest--income forecast method | See Form 8568 |
| K Dispositions of property with section 179 deductions | See the Shareholder's Instructions |
| L Recapture of section 179 deduction | |
| M Section 453(j)(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 | |

2010

SHAREHOLDER #4

SCARBOROUGH GROUP OF COMPANIES CORP
KAREN R. CARPENTER


Attached is your copy of Schedule K-1 to the U.S. Income Tax Return for an S Corporation (Form 1120S) which was filed with the Internal Revenue Service and shows your share of distribution from:

SCARBOROUGH GROUP OF COMPANIES CORP


The items of income, loss, deduction or credit which appear in the enclosed material may have an important bearing in the determination of your taxable income. However, the provisions of the income tax laws are complex and may be interpreted differently for different taxpayers. For this reason, you may wish to seek the assistance of your tax advisor with respect to the proper treatment of these items in your federal and state returns.

We have prepared this information from unaudited data supplied by the tax matters person. We did not attempt to verify any of the information and elections contained therein. The returns are subject to examination by the taxing authorities and, accordingly, the income losses, deductions or credits which appear are subject to possible adjustment.

671110

OMB No. 1545-0130

Schedule K-1 (Form 1120S)

Department of the Treasury Internal Revenue Service

2010

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

Final K-1 Amended K-1

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

See page 2 and separate instructions.

Part III Shareholder's Share of Current Year Inc., Deductions, Credits, and Other Items

Table with 2 columns: Description and Amount. Rows include: 1 Ordinary business inc. (loss) 1,683,222; 13 Credits; 2 Net rental real estate inc. (loss); 3 Other net rental income (loss); 4 Interest income; 5a Ordinary dividends; 5b Qualified dividends; 14 Foreign transactions; 6 Royalties; 7 Net short-term cap. gain (loss); 8a Net long-term cap. gain (loss); 8b Collectibles (28%) gain (loss); 8c Unrecaptured sec. 1250 gain; 9 Net section 1231 gain (loss); 10 Other income (loss); 15 Alternative min. tax (AMT) items A -375,516; 11 Section 179 deduction; 12 Other deductions; 16 Items affecting shareholder basis; 17 Other information.

Part I Information About the Corporation

A Corporation's employer identification number; B Corporation's name, address, city, state, and ZIP code SCARBOROUGH GROUP OF COMPANIES CORP; C IRS Center where corporation filed return OGDEN

Part II Information About the Shareholder

D Shareholder's identifying number; E Shareholder's name, address, city, state, and ZIP code KAREN R. CARPENTER; F Shareholder's percentage of stock ownership for tax year 5.0000%

For IRS Use Only

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2010

Schedule K-1 (Form 1120S) 2010 **KAREN R. CARPENTER**

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 (i)
- 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 (p)
 - 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 4
- 7. Net short-term capital gain (loss)** Schedule D, line 5, column (f)
- 8a. Net long-term capital gain (loss)** Schedule D, line 12, column (f)
- 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)**
- Code
 - 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%) See the Shareholder's Instructions
 - B** Cash contributions (30%) See the Shareholder's Instructions
 - C** Noncash contributions (50%) See the Shareholder's Instructions
 - D** Noncash contributions (30%) See the Shareholder's Instructions
 - E** Capital gain property to a 50% organization (30%) See the Shareholder's Instructions
 - F** Capital gain property (20%) See the Shareholder's Instructions
 - G** Contributions (100%) See the Shareholder's Instructions
 - H** Investment interest expense Form 4952, line 1
 - I** Deductions—royalty income Schedule E, line 18
 - 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 8592 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 See the Shareholder's Instructions
 - B** Low-income housing credit (other) from pre-2008 buildings See the Shareholder's Instructions
 - C** Low-income housing credit (section 42(j)(5)) from post-2007 buildings Form 8586, line 11
 - D** Low-income housing credit (other) from post-2007 buildings Form 8586, line 11
 - E** Qualified rehabilitation expenditures (rental real estate) See the Shareholder's Instructions
 - F** Other rental real estate credits See the Shareholder's Instructions
 - G** Other rental credits See the Shareholder's Instructions
 - H** Undistributed capital gains credit Form 1040, line 71, box a
 - I** Alcohol and cellulosic biofuel fuels credit Form 8478, line 8
 - J** Work opportunity credit Form 3024, line 3
 - K** Disabled access credit See the Shareholder's Instructions
 - L** Empowerment zone and renewal community employment credit Form 8844, line 3

- | Code | Report on |
|--|---|
| M Credit for increasing research activities | See the Shareholder's Instructions |
| N Credit for employer social security and Medicare taxes | Form 8946, line 5 |
| O Backup withholding | Form 1040, line 81 |
| P Other credits | See the Shareholder's Instructions |
| 14. Foreign transactions | |
| A Name of country or U.S. possession | Form 1116, Part I |
| B Gross income from all sources | |
| C Gross income sourced at shareholder level | |
| Foreign gross income sourced at corporate level | |
| 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 | Form 1116, Part I |
| J General category | |
| K Other | |
| Other information | |
| 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 | See the Shareholder's Instructions and the Instructions for Form 6251 |
| 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 | |
| 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 8811, line 8 |
| F Recapture of low-income housing credit (other) | Form 8811, 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 8897 |
| 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(f)(3) information | |
| N Section 453A(c) information | |
| O Section 1280(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(j) information | |
| U Other information | |

2010

SHAREHOLDER #5

SCARBOROUGH GROUP OF COMPANIES CORP

[REDACTED]

SANDRA E. GLEASON

[REDACTED]

Attached is your copy of Schedule K-1 to the U.S. Income Tax Return for an S Corporation (Form 1120S) which was filed with the Internal Revenue Service and shows your share of distribution from:

SCARBOROUGH GROUP OF COMPANIES CORP

[REDACTED]

The items of income, loss, deduction or credit which appear in the enclosed material may have an important bearing in the determination of your taxable income. However, the provisions of the income tax laws are complex and may be interpreted differently for different taxpayers. For this reason, you may wish to seek the assistance of your tax advisor with respect to the proper treatment of these items in your federal and state returns.

We have prepared this information from unaudited data supplied by the tax matters person. We did not attempt to verify any of the information and elections contained therein. The returns are subject to examination by the taxing authorities and, accordingly, the income losses, deductions or credits which appear are subject to possible adjustment.

671110

OMB No. 1545-0130

Schedule K-1 (Form 1120S)

2010

Department of the Treasury Internal Revenue Service

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

Final K-1 Amended K-1

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

See page 2 and separate instructions.

Part III Shareholder's Share of Current Year Inc., Deductions, Credits, and Other Items

Part I Information About the Corporation

A Corporation's employer identification number
B Corporation's name, address, city, state, and ZIP code SCARBOROUGH GROUP OF COMPANIES CORP
C IRS Center where corporation filed return OGDEN

Part II Information About the Shareholder

D Shareholder's identifying number
E Shareholder's name, address, city, state, and ZIP code SANDRA E. GLEASON
F Shareholder's percentage of stock ownership for tax year ... 5.0000%

For IRS Use Only

Table with 2 columns: Item number and Description. Items include: 1 Ordinary business inc. (loss) 1,683,223; 13 Credits; 14 Foreign transactions; 15 Alternative min. tax (AMT) items A -375,518; 16 Items affecting shareholder basis; 17 Other information.

* See attached statement for additional information.

Schedule K-1 (Form 1120S) 2010 SANDRA E. GLEASON

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 4
- 7. **Net short-term capital gain (loss)** Schedule D, line 5, column (f)
- 8a. **Net long-term capital gain (loss)** Schedule D, line 12, column (f)
- 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)**
 - Code
 - 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%) See the Shareholder's Instructions
 - B Cash contributions (30%) See the Shareholder's Instructions
 - C Noncash contributions (50%) See the Shareholder's Instructions
 - D Noncash contributions (30%) See the Shareholder's Instructions
 - E Capital gain property to a 50% organization (30%) See the Shareholder's Instructions
 - F Capital gain property (20%) See the Shareholder's Instructions
 - G Contributions (100%) See the Shareholder's Instructions
 - H Investment interest expense Form 4952, line 1
 - I Deductions—royalty income Schedule E, line 18
 - J Section 58(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 See the Shareholder's Instructions
 - B Low-income housing credit (other) from pre-2008 buildings See the Shareholder's Instructions
 - C Low-income housing credit (section 42(j)(5)) from post-2007 buildings Form 8586, line 11
 - D Low-income housing credit (other) from post-2007 buildings Form 8586, line 11
 - E Qualified rehabilitation expenditures (rental real estate) See the Shareholder's Instructions
 - F Other rental real estate credits See the Shareholder's Instructions
 - G Other rental credits See the Shareholder's Instructions
 - H Undistributed capital gains credit Form 1040, line 71, box a
 - I Alcohol and cellulosic biofuel fuels credit Form 6478, line 8
 - J Work opportunity credit Form 5884, line 3
 - K Disabled access credit See the Shareholder's Instructions
 - L Empowerment zone and renewal community employment credit Form 8844, line 3

- Code Report on
- M Credit for increasing research activities See the Shareholder's Instructions
- N Credit for employer social security and Medicare taxes Form 3946, line 5
- O Backup with holding Form 1040, line 61
- P Other credits See the Shareholder's Instructions
- 14. **Foreign transactions**
 - A Name of country or U.S. possession Form 1116, Part I
 - B Gross income from all sources Form 1116, Part I
 - C Gross income sourced at shareholder level Form 1116, Part I
 - Foreign gross income sourced at corporate level
 - D Passive category Form 1116, Part I
 - E General category Form 1116, Part I
 - F Other Form 1116, Part I
 - 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 Form 1116, Part I
 - J General category Form 1116, Part I
 - K Other Form 1116, Part I
 - Other information
 - 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 See the Shareholder's Instructions and the Instructions for Form 6251
 - B Adjusted gain or loss See the Shareholder's Instructions and the Instructions for Form 6251
 - C Depletion (other than oil & gas) See the Shareholder's Instructions and the Instructions for Form 6251
 - D Oil, gas, & geothermal—gross income See the Shareholder's Instructions and the Instructions for Form 6251
 - E Oil, gas, & geothermal—deductions See the Shareholder's Instructions and the Instructions for Form 6251
 - F Other AMT items See the Shareholder's Instructions and the Instructions for Form 6251
- 16. **Items affecting shareholder basis**
 - A Tax-exempt interest income Form 1040, line 8b
 - B Other tax-exempt income Form 1040, line 8b
 - C Nondeductible expenses See the Shareholder's Instructions
 - D Distributions See the Shareholder's Instructions
 - E Repayment of loans from shareholders See the Shareholder's Instructions
- 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 8811, line 8
 - F Recapture of low-income housing credit (other) Form 8811, 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 6897
 - J Look-back interest—income forecast method See Form 8568
 - K Dispositions of property with section 179 deductions See the Shareholder's Instructions
 - L Recapture of section 179 deduction See the Shareholder's Instructions
 - M Section 453(f)(3) information See the Shareholder's Instructions
 - N Section 453A(c) information See the Shareholder's Instructions
 - O Section 1260(b) information See the Shareholder's Instructions
 - P Interest allocable to production expenditures See the Shareholder's Instructions
 - Q CCF nonqualified withdrawals See the Shareholder's Instructions
 - R Depletion information—oil and gas See the Shareholder's Instructions
 - S Amortization of reforestation costs See the Shareholder's Instructions
 - T Section 108(j) information See the Shareholder's Instructions
 - U Other information See the Shareholder's Instructions

SCARBOROUGH GROUP OF COMPANIES CORP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

See Accompanying Accountants Report

H & R Block Premium
5530 Wisconsin Avenue 100
Chevy Chase, MD 20815

Accountant's Compilation Report

SCARBOROUGH GROUP OF COMPANIES CORP


We have compiled the accompanying statement of assets, liabilities, and equity - cash basis of SCARBOROUGH GROUP OF COMPANIES CORP, an S Corporation, as of December 31, 2009, and the related statement of revenues, expenses, and retained earnings - cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The shareholders have elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

H & R Block Premium
02-28-2011

SCARBOROUGH GROUP OF COMPANIES CORP
 STATEMENT OF REVENUES AND EXPENSES - CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES		\$267,387,295
COST OF REVENUES		
TOTAL COST OF REVENUES	-----	0
GROSS PROFIT		----- 267,387,295
OPERATING EXPENSES		
TOTAL OPERATING EXPENSES (See Statement)		234,367,634
TOTAL OPERATING INCOME (LOSS)		----- 33,019,661
OTHER REVENUE AND EXPENSE ITEMS		
TOTAL OTHER REVENUE AND EXPENSES	-----	0
NET INCOME (LOSS)		----- \$33,019,661 -----
RECONCILING ITEMS FROM SCHEDULE M-1		----- 0 -----
NET INCOME (LOSS) PER BOOK		\$33,019,661 =====

*SEE ACCOUNTANTS COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
STATEMENT OF RETAINED EARNINGS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

RETAINED EARNINGS - 01-01-09		\$119,565,815
ORDINARY INCOME (LOSS)	\$33,019,661	
TOTAL INCREASES	-----	33,019,661
TOTAL DECREASES	-----	0
RECONCILING ITEMS BETWEEN RET. EARNINGS AND SCH M-2		234,722,810
RETAINED EARNINGS - DECEMBER 31, 2009		----- \$387,308,286 =====

*SEE ACCOUNTANTS COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
STATEMENT OF REVENUES AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

OPERATING EXPENSES

Advertising	\$1,554,401
Depreciation	111,917,570
Fuel	24,778,577
Interest Expense	2,205,886
Licenses and Permits	8,182,334
Officer Compensation	3,339,236
Pension	7,106,601
Rent and Lease Expense	13,268,487
Repairs and Maintenance	14,643,971
Salaries	37,594,046
Taxes	8,845,658
Tools	166,667
Other Business Deductions	764,200

TOTAL OPERATING EXPENSES

\$234,367,634
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*SEE ACCOUNTANTS COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - CASH BASIS
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash

\$23,910,017

Accounts Receivable

75,621,913

TOTAL CURRENT ASSETS

\$99,531,930

LONG TERM ASSETS

Buildings and Other Depreciable Assets

570,657,903

Less: Accumulated Depreciation

-172,838,333

TOTAL LONG TERM ASSETS

397,819,570

TOTAL ASSETS

\$497,351,500
=====

*SEE ACCOUNTANTS COMPILATION REPORT

SCARBOROUGH GROUP OF COMPANIES CORP
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - CASH BASIS
DECEMBER 31, 2009

LIABILITIES AND STOCKHOLDERS EQUITY

SHORT TERM LIABILITIES

Accounts Payable	\$18,479	
Short Term Note Payable	108,995,278	
Other Current Liabilities	979,457	

TOTAL SHORT TERM LIABILITIES	\$109,993,214	
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LONG TERM LIABILITIES

TOTAL LONG TERM LIABILITIES	-----	0
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TOTAL LIABILITIES	109,993,214	
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STOCKHOLDERS EQUITY

Capital Stock	1,000	
Additional Paid-In Capital	49,000	
Retained Earnings	387,308,286	

TOTAL STOCKHOLDERS EQUITY	387,358,286	
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TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$497,351,500	=====
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*SEE ACCOUNTANTS COMPILATION REPORT