

**2010 Corporate Return**  
prepared for:

**WATER PRO, INC.**  
P O BOX 156  
DRAPER, UT 84020

**Hansen, Barnett & Maxwell, P.C.**  
5 Triad Center, Suite 750  
Salt Lake City, UT 84180

<b>A Check if:</b> <b>1 a</b> Consolidated return (attach Form 851) <input type="checkbox"/> <b>b</b> Life/nonlife consolidated return <input type="checkbox"/> <b>2</b> Personal holding co (attach Sch PH) <input type="checkbox"/> <b>3</b> Personal service corp (see instr.) <input type="checkbox"/> <b>4</b> Schedule M-3 attached <input type="checkbox"/>	<b>Print or type</b>	WATER PRO, INC. P O BOX 156 DRAPER, UT 84020	TAXPAYER'S COPY
		<b>B Employer identification number</b> 87-0572672	
		<b>C Date incorporated</b> 1/01/1998	
		<b>D Total assets (see instructions)</b> \$ 5,131,354.	
		<b>E Check if:</b> (1) Initial return (2) Final return (3) Name change (4) Address change	

	<b>1 a</b>	Gross receipts or sales	4,057,581.	<b>b</b>	Less returns & allowances			<b>1 c</b>	4,057,581.
INCOME	<b>2</b>	Cost of goods sold (Schedule A, line 8)						<b>2 c</b>	1,044,346.
	<b>3</b>	Gross profit. Subtract line 2 from line 1c						<b>3</b>	3,013,235.
	<b>4</b>	Dividends (Schedule C, line 19)						<b>4</b>	
	<b>5</b>	Interest						<b>5</b>	19,467.
	<b>6</b>	Gross rents						<b>6</b>	
	<b>7</b>	Gross royalties						<b>7</b>	
	<b>8</b>	Capital gain net income (attach Schedule D (Form 1120))						<b>8</b>	57,834.
	<b>9</b>	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)						<b>9</b>	33,304.
	<b>10</b>	Other income (see instructions — attach schedule)		SEE STATEMENT 1				<b>10</b>	46,295.
	<b>11</b>	<b>Total income.</b> Add lines 3 through 10						<b>11</b>	3,170,135.
	DEDUCTIONS FOR LIMITATIONS SEE INSTRUCTIONS	<b>12</b>	Compensation of officers (Schedule E, line 4)						<b>12</b>
<b>13</b>		Salaries and wages (less employment credits)						<b>13</b>	1,131,746.
<b>14</b>		Repairs and maintenance						<b>14</b>	390,633.
<b>15</b>		Bad debts						<b>15</b>	
<b>16</b>		Rents						<b>16</b>	11,194.
<b>17</b>		Taxes and licenses		SEE STATEMENT 2				<b>17</b>	84,630.
<b>18</b>		Interest						<b>18</b>	
<b>19</b>		Charitable contributions		SEE STATEMENT 3				<b>19</b>	2,787.
<b>20</b>		Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)						<b>20</b>	130,374.
<b>21</b>		Depletion						<b>21</b>	
<b>22</b>		Advertising						<b>22</b>	19,962.
<b>23</b>	Pension, profit-sharing, etc, plans						<b>23</b>	42,491.	
<b>24</b>	Employee benefit programs						<b>24</b>		
<b>25</b>	Domestic production activities deduction (attach Form 8903)						<b>25</b>		
<b>26</b>	Other deductions (attach schedule)		SEE STATEMENT 4				<b>26</b>	1,331,235.	
<b>27</b>	<b>Total deductions.</b> Add lines 12 through 26						<b>27</b>	3,145,052.	
<b>28</b>	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11						<b>28</b>	25,083.	
<b>29</b>	<b>Less:</b> a Net operating loss deduction (see instructions)			<b>29 a</b>					
	b Special deductions (Schedule C, line 20)			<b>29 b</b>				<b>29 c</b>	
TAX REFUNDABLE PAYMENTS CREDITS	<b>30</b>	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions)						<b>30</b>	25,083.
	<b>31</b>	<b>Total tax</b> (Schedule J, line 10)						<b>31</b>	3,762.
	<b>32 a</b>	2009 overpayment credited to 2010	<b>32 a</b>						
	<b>32 b</b>	2010 estimated tax payments	<b>32 b</b>	18,640.					
	<b>32 c</b>	2010 refund applied for on Form 4466	<b>32 c</b>						
	<b>d Bal</b>		<b>32 d</b>	18,640.					
	<b>32 e</b>	Tax deposited with Form 7004	<b>32 e</b>						
	<b>32 f</b>	Credits: (1) Form 2439	<b>32 f</b>						
	<b>32 g</b>	(2) Form 4136	<b>32 g</b>						
	<b>32 h</b>	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	<b>32 h</b>						18,640.
<b>33</b>	Estimated tax penalty (see instructions). Check if Form 2220 is attached						<b>33</b>		
<b>34</b>	<b>Amount owed.</b> If line 32h smaller than the total of lines 31 and 33, enter amount owed						<b>34</b>		
<b>35</b>	<b>Overpayment.</b> If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						<b>35</b>	14,878.	
<b>36</b>	Enter amount from line 35 you want: Credited to 2011 estimated tax		14,878.			<b>Refunded</b>	<b>36</b>	0.	

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Signature of officer	Date	PRESIDENT Title

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>PAUL O. SKEEN, CPA</b>	Preparer's signature <b>MAR 10 2011</b>	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P00630117</b>
	Firm's name ▶ <b>HANSEN, BARNETT &amp; MAXWELL, P.C.</b>	Firm's EIN <b>87-0281467</b>		Phone no. <b>(801) 532-2200</b>	
	Firm's address ▶ <b>5 TRIAD CENTER, SUITE 750 SALT LAKE CITY, UT 84180</b>				

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year.....	1	217,824.
2	Purchases.....	2	1,057,579.
3	Cost of labor.....	3	
4	Additional section 263A costs (attach schedule).....	4	
5	Other costs (attach schedule).....	5	
6	<b>Total.</b> Add lines 1 through 5.....	6	1,275,403.
7	Inventory at end of year.....	7	231,057.
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.....	8	1,044,346.

9a Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation.).....

b Check if there was a writedown of subnormal goods.....

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).....

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO..... **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?.....  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation.....  Yes  No

**Schedule C Dividends and Special Deductions** (see instructions)

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

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	TOM FLOWERS	528-40-1562	%	0.00 %	0.00 %	0.
	STEPHEN TRIPP	529-54-9176	%	0.00 %	0.00 %	0.
	RICHARD SKEEN	528-56-2106	%	0.00 %	0.00 %	0.
			%	%	%	
			%	%	%	
2	Total compensation of officers.....					
3	Compensation of officers claimed on Schedule A and elsewhere on return.....					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12.....					

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>		
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2	3,762.
3	Alternative minimum tax (attach Form 4626)		3	
4	Add lines 2 and 3		4	3,762.
5a	Foreign tax credit (attach Form 1118)		5a	
	b Credit from Form 8834, line 29		5b	
	c General business credit (attach Form 3800)		5c	
	d Credit for prior year minimum tax (attach Form 8827)		5d	
	e Bond credits from Form 8912		5e	
6	<b>Total credits.</b> Add lines 5a through 5e		6	
7	Subtract line 6 from line 4		7	3,762.
8	Personal holding company tax (attach Schedule PH (Form 1120))		8	
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		9	
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31.		10	3,762.

**Schedule K Other Information** (see instructions)

1	Check accounting method a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
	a Business activity code no. ▶ 541600		
	b Business activity ▶ MANAGEMENT COMPANY		
	c Product or service ▶ MANAGEMENT SERVICES		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If 'Yes,' enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
	a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
	b Did any individual or estate own, directly 20% or more, or own directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G)		X
5	At the end of the tax year, did the corporation:		
	a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv)		X

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

**Schedule K** *Continued*

**b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership see instructions.  
 If 'Yes,' complete (i) through (iv)

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

**6** During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  
 If 'Yes,' file **Form 5452**, Corporate Report of Nondividend Distributions.  
 If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary

	X
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**7** At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?  
 For rules of attribution see section 318. If 'Yes,' enter:  
**(i)** Percentage owned ▶ \_\_\_\_\_ and **(ii)** Owner's country ▶ \_\_\_\_\_

	X
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**(c)** The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ \_\_\_\_\_

**8** Check this box if the corporation issued publicly offered debt instruments with original issue discount  
 If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.

**9** Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ \_\_\_\_\_ NONE

**10** Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ \_\_\_\_\_

**11** If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here   
 If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

**12** Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ \_\_\_\_\_ NONE

**13** Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than \$250,000?  
 If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ \_\_\_\_\_

	X
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**14** Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?  
 If 'Yes,' complete and attach Schedule UTP.

	X
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Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash.....		988,568.		484,774.
2a Trade notes and accounts receivable.....	958,092.		1,921,005.	
b Less allowance for bad debts.....		958,092.		1,921,005.
3 Inventories.....		217,824.		231,057.
4 U.S. government obligations.....				
5 Tax-exempt securities (see instructions).....				
6 Other current assets (attach schedule) ... SEE . ST. 5.				18,245.
7 Loans to shareholders.....				
8 Mortgage and real estate loans.....				
9 Other investments (attach schedule) ... SEE . ST. 6.		1,472,871.		2,014,204.
10a Buildings and other depreciable assets.....	2,386,414.		1,705,596.	
b Less accumulated depreciation.....	1,254,031.	1,132,383.	1,274,957.	430,639.
11a Depletable assets.....				
b Less accumulated depletion.....				
12 Land (net of any amortization).....				
13a Intangible assets (amortizable only).....				
b Less accumulated amortization.....				
14 Other assets (attach schedule) ... SEE . ST. 7.		249,644.		31,430.
15 Total assets.....		5,019,382.		5,131,354.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable.....				
17 Mortgages, notes, bonds payable in less than 1 year.....				
18 Other current liabilities (attach sch) ... SEE . ST. 8.		318,626.		426,209.
19 Loans from shareholders.....				
20 Mortgages, notes, bonds payable in 1 year or more.....				
21 Other liabilities (attach schedule).....				
22 Capital stock: a Preferred stock.....				
b Common stock.....	200.	200.	200.	200.
23 Additional paid-in capital.....		408,382.		408,382.
24 Retained earnings — Approp (att sch).....				
25 Retained earnings — Unappropriated.....		4,292,174.		4,296,563.
26 Adjmnt to shareholders' equity (att sch).....				
27 Less cost of treasury stock.....				
28 Total liabilities and shareholders' equity.....		5,019,382.		5,131,354.

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

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1 Net income (loss) per books.....	4,389.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books.....	3,762.	Tax-exempt interest \$ _____	
3 Excess of capital losses over capital gains.....		-----	
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation.. \$ _____	
a Depreciation..... \$ _____		b Charitable contribns \$ _____	
b Charitable contributions . \$ 11,593.		-----	
c Travel & entertainment . \$ 4,899.		9 Add lines 7 and 8.....	0.
STATEMENT 9 440.		10 Income (page 1, line 28) — line 6 less line 9.....	25,083.
-----	16,932.		
6 Add lines 1 through 5.....	25,083.		

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

1 Balance at beginning of year.....	4,292,174.	5 Distributions..... a Cash...	
2 Net income (loss) per books.....	4,389.	b Stock _____ c Property..	
3 Other increases (itemize):		6 Other decreases (itemize):	
-----		7 Add lines 5 and 6.....	
4 Add lines 1, 2, and 3.....	4,296,563.	8 Balance at end of year (line 4 less line 7).....	4,296,563.

**SCHEDULE D**  
**(Form 1120)**

**Capital Gains and Losses**

OMB No. 1545-0123

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

**2010**

▶ See separate instructions.

Name: **WATER PRO, INC.** Employer identification number: **87-0572672**

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

(a) Description of property (Example: 100 shares of Z Co)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37.....				2
3	Short-term gain or (loss) from like-kind exchanges from Form 8824.....				3
4	Unused capital loss carryover (attach computation).....				4
5	Net short-term capital gain or (loss). Combine lines 1 through 4.....				5

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

6						
7	Enter gain from Form 4797, line 7 or 9.....				7	57,834.
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37.....				8	
9	Long-term gain or (loss) from like-kind exchanges from Form 8824.....				9	
10	Capital gain distributions (see instructions).....				10	
11	Net long-term capital gain or (loss). Combine lines 6 through 10.....				11	57,834.

**Part III Summary of Parts I and II**

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11).....				12	
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5).....				13	57,834.
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns.....				14	57,834.

Note. If losses exceed gains, see *Capital losses* in the instructions.

**SCHEDULE G**  
**(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Information on Certain Persons Owning the Corporation's Voting Stock**

▶ Attach to Form 1120.  
▶ See instructions.

OMB No. 1545-0123

**2010**

Name: **WATER PRO, INC.** Employer identification number (EIN): **87-0572672**

**Part I Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a).  
Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
DRAPER IRRIGATION COMPANY	87-0215969	CORPORATION	UNITED STATES	100.00%

**Part II Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b).  
Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock



**Depreciation and Amortization  
(Including Information on Listed Property)**

**2010**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment  
Sequence No. **67**

Name(s) shown on return  
**WATER PRO, INC.**

Identifying number  
**87-0572672**

Business or activity to which this form relates  
**FORM 1120**

**Part I Election To Expense Certain Property Under Section 179**

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

1	Maximum amount (see instructions).....	1	500,000.
2	Total cost of section 179 property placed in service (see instructions).....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions).....	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.....	8	
9	Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8.....	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562.....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).....	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.....	12	
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12.....	▶ 13	

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

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

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).....	14	45,037.
15	Property subject to section 168(f)(1) election.....	15	
16	Other depreciation (including ACRS).....	16	46.

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

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2010.....	17	68,712.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.....	<input type="checkbox"/>	

**Section B – Assets Placed in Service During 2010 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property.....						
b 5-year property.....		1,718.	5	HY	200DB	344.
c 7-year property.....		42,497.	7	HY	200DB	6,071.
d 10-year property.....						
e 15-year property.....						
f 20-year property.....						
g 25-year property.....			25 yrs		S/L	
h Residential rental property.....			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property.....	VARIOUS	58,115.	39 yrs	MM	S/L	1,214.
				MM	S/L	

**Section C – Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System**

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

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28.....	21	8,950.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions.....	22	130,374.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.....	23	

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

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

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

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No									24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost			
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).....								25			
26 Property used more than 50% in a qualified business use:											
1998 FORD ES	7/31/98	100.0	13,866.	13,866.	5.0	200DB HY					
NISSAN MAXIM	9/19/08	100.0	21,500.	21,500.	5.0	200DB HY	2,850.				
GIS TRUCK	10/15/08	100.0	27,181.	27,181.	5.0	200DB HY	3,050.				
27 Property used 50% or less in a qualified business use:											
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.....								28	8,950.		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.....								29		0.	

**Section B – Information on Use of Vehicles**

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

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

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

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

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

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions):					
43 Amortization of costs that began before your 2010 tax year.....					43
44 Total. Add amounts in column (f). See the instructions for where to report.....					44

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

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

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

24a Do you have evidence to support the business/investment use claimed? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No		24b If 'Yes,' is the evidence written? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) . . . . .								25
26 Property used more than 50% in a qualified business use:								
INSPECTIONS	10/15/08	100.0	22,107.	22,107.	5.0	200DB HY	3,050.	
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 . . . . .								28
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .								29

**Section B – Information on Use of Vehicles**

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

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

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

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

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
39 Do you treat all use of vehicles by employees as personal use? . . . . .		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions):					
43 Amortization of costs that began before your 2010 tax year . . . . .					43
44 <b>Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					44

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))  
▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return <b>WATER PRO, INC.</b>	Identifying number <b>87-0572672</b>
---	---

**1** Enter the gross proceeds from sales or exchanges reported to you for 2010 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)..... **1** **291,818.**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year** (see instructions)

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	SEE STATEMENT 10						0.

<b>3</b> Gain, if any, from Form 4684, line 42.....	<b>3</b>	
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37.....	<b>4</b>	
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824.....	<b>5</b>	
<b>6</b> Gain, if any, from line 32, from other than casualty or theft.....	<b>6</b>	62,638.
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows.....	<b>7</b>	62,638.
<p><b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.</p> <p><b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.</p>		
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions).....	<b>8</b>	4,804.
<b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).....	<b>9</b>	57,834.

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


<b>11</b> Loss, if any, from line 7.....	<b>11</b>	
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable.....	<b>12</b>	4,804.
<b>13</b> Gain, if any, from line 31.....	<b>13</b>	28,500.
<b>14</b> Net gain or (loss) from Form 4684, lines 34 and 41a.....	<b>14</b>	
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36.....	<b>15</b>	
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824.....	<b>16</b>	
<b>17</b> Combine lines 10 through 16.....	<b>17</b>	33,304.
<p><b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:</p> <p><b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from 'Form 4797, line 18a.' See instructions.....</p> <p><b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14.....</p>		
	<b>18a</b>	
	<b>18b</b>	

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A DODGE 1500	6/25/03	12/31/10
B 2005 1500 4X4	11/29/05	12/31/10
C BRIAN HEAD LAND	VARIOUS	7/01/10
D		

These columns relate to the properties on lines 19A through 19D	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing) . . . . .	20 10,000.	18,500.	263,318.	
21 Cost or other basis plus expense of sale . . . . .	21 36,164.	24,598.	200,680.	
22 Depreciation (or depletion) allowed or allowable . . . . .	22 36,164.	24,598.		
23 Adjusted basis. Subtract line 22 from line 21. . . . .	23		200,680.	
24 Total gain. Subtract line 23 from line 20. . . . .	24 10,000.	18,500.	62,638.	
<b>25 If section 1245 property:</b>				
a Depreciation allowed or allowable from line 22. . . . .	25a 36,164.	24,598.		
b Enter the smaller of line 24 or 25a. . . . .	25b 10,000.	18,500.	0.	
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a Additional depreciation after 1975 (see instrs) . . . . .	26a			
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions). . . . .	26b			
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e. . . . .	26c			
d Additional depreciation after 1969 & before 1976. . . . .	26d			
e Enter the smaller of line 26c or 26d. . . . .	26e			
f Section 291 amount (corporations only). . . . .	26f			
g Add lines 26b, 26e, and 26f. . . . .	26g			
<b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a Soil, water, and land clearing expenses. . . . .	27a			
b Line 27a multiplied by applicable percentage (see instructions). . . . .	27b			
c Enter the smaller of line 24 or 27b. . . . .	27c			
<b>28 If section 1254 property:</b>				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions). . . . .	28a			
b Enter the smaller of line 24 or 28a. . . . .	28b			
<b>29 If section 1255 property:</b>				
a Applicable percentage of payments excluded from income under section 126 (see instructions). . . . .	29a			
b Enter the smaller of line 24 or 29a (see instrs) . . . . .	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	91,138.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	28,500.
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	62,638.

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years. . . . .	33	
34 Recomputed depreciation (see instructions). . . . .	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	35	

WATER PRO, INC.

87-0572672

**STATEMENT 1  
FORM 1120, LINE 10  
OTHER INCOME**

BAD DEBT RECOVERIES.....	\$	46,295.
TOTAL	\$	<u>46,295.</u>

**STATEMENT 2  
FORM 1120, LINE 17  
TAXES AND LICENSES**

PAYROLL TAXES.....	\$	83,317.
STATE TAX.....		1,313.
TOTAL	\$	<u>84,630.</u>

**STATEMENT 3  
FORM 1120, LINE 19  
CHARITABLE CONTRIBUTIONS**

DONATIONS.....	\$	14,380.
CARRYOVER FROM 2008.....		4,023.
CARRYOVER FROM 2009.....		8,542.
DISALLOWED CONTRIBUTIONS DUE TO 10% LIMIT.....		-24,158.
TOTAL	\$	<u>2,787.</u>

**STATEMENT 4  
FORM 1120, LINE 26  
OTHER DEDUCTIONS**

AUTO AND TRUCK.....	\$	131,303.
BLUE STAKE EXPENSE.....		5,117.
COMPANY MEETINGS/FUNCTIONS.....		39,336.
DAMAGE SETTLEMENT/REIMBURSEMNT.....		1,367.
DIRECTOR EXPENSE.....		29,028.
DUES AND SUBSCRIPTIONS.....		7,569.
INSURANCE.....		450,045.
JANITORIAL.....		26,646.
LEGAL AND PROFESSIONAL.....		298,193.
MAP/SURVEY/CITY PERMIT EXPENSE.....		4,523.
MEALS AND ENTERTAINMENT.....		4,899.
MISC EMPLOYEE EXP.....		7,110.
OFFICE EXPENSE.....		15,507.
POSTAGE.....		57,970.
PRINTING.....		30,855.
SCADA EXPENSE.....		61,060.
SECURITY.....		48,508.
SUPPLIES.....		25,395.
TELEPHONE.....		24,316.
TOOLS.....		5,250.
TRAINING/SCHOOL EXPENSE.....		8,750.
TRAVEL.....		23,939.
UNIFORMS.....		11,523.
UTILITIES.....		13,026.
TOTAL	\$	<u>1,331,235.</u>

WATER PRO, INC.

87-0572672

**STATEMENT 5**  
**FORM 1120, SCHEDULE L, LINE 6**  
**OTHER CURRENT ASSETS**

	<u>BEGINNING</u>	<u>ENDING</u>
PREPAID FEDERAL TAX.....	\$ 0.	\$ 14,878.
PREPAID STATE TAX.....	0.	3,367.
TOTAL	<u>\$ 0.</u>	<u>\$ 18,245.</u>

**STATEMENT 6**  
**FORM 1120, SCHEDULE L, LINE 9**  
**OTHER INVESTMENTS**

	<u>BEGINNING</u>	<u>ENDING</u>
MERRILL LYNCH ACCOUNT.....	\$ 1,472,871.	\$ 2,014,204.
TOTAL	<u>\$ 1,472,871.</u>	<u>\$ 2,014,204.</u>

**STATEMENT 7**  
**FORM 1120, SCHEDULE L, LINE 14**  
**OTHER ASSETS**

	<u>BEGINNING</u>	<u>ENDING</u>
CORNER CANYON RESV BOND.....	\$ 38,964.	\$ 21,430.
DRAPER CITY DIGGING BOND.....	10,000.	10,000.
FORECLOSED PROPERTY.....	200,680.	0.
TOTAL	<u>\$ 249,644.</u>	<u>\$ 31,430.</u>

**STATEMENT 8**  
**FORM 1120, SCHEDULE L, LINE 18**  
**OTHER CURRENT LIABILITIES**

	<u>BEGINNING</u>	<u>ENDING</u>
ACCRUED LIABILITIES.....	\$ 112,552.	\$ 129,686.
BONDS.....	185,355.	296,523.
EMPLOYEE PAYABLE.....	879.	0.
FEDERAL TAX PAYABLE.....	18,640.	0.
STATE TAX PAYABLE.....	1,200.	0.
TOTAL	<u>\$ 318,626.</u>	<u>\$ 426,209.</u>

**STATEMENT 9**  
**FORM 1120, SCHEDULE M-1, LINE 5**  
**BOOK EXPENSES NOT DEDUCTED**

PENALTIES.....	\$ 440.
TOTAL	<u>\$ 440.</u>

WATER PRO, INC.

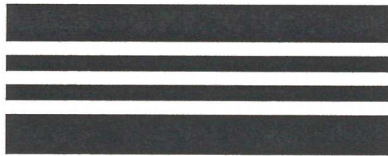
87-0572672

**STATEMENT 10**  
**FORM 4797, PAGE 1, PART I**  
**SALES OR EXCHANGES OF CERTAIN PROPERTY HELD OVER ONE YEAR**

DESCRIPTION OF PROPERTY	DATE ACQUIRED	DATE SOLD	SALES PRICE	DEPRECIATION ALLOWED	COST OR BASIS	GAIN OR LOSS
PROJECTOR	4/09/01	12/31/10		4,156.	4,156.	\$ 0.
WINDOWS SOFTWARE	10/29/01	12/31/10		5,150.	5,150.	0.
COMPUTER	2/18/03	12/31/10		725.	725.	0.
COMPUTER	3/10/03	12/31/10		700.	700.	0.
COMPUTER	3/10/03	12/31/10		1,325.	1,325.	0.
COMPUTER EQUIPMENT	5/05/03	12/31/10		4,142.	4,142.	0.
COMPUTER	5/19/03	12/31/10		2,525.	2,525.	0.
COMPUTER EQUIPMENT	10/06/03	12/31/10		2,771.	2,771.	0.
COMPUTER EQUIPMENT	12/29/03	12/31/10		1,114.	1,114.	0.
HAM RADIOS	12/17/08	1/01/10		1,279.	1,279.	0.
WELDER 200 AMP	1/01/78	12/31/10		400.	400.	0.
METER LOCATOR	6/10/98	12/31/10		978.	978.	0.
REMOTE TERMINAL UNIT	4/21/98	12/31/10		5,668.	5,668.	0.
GLOBAL POSITIONING SYSTEM	8/07/98	12/31/10		11,049.	11,049.	0.
DIESEL PACKAGE W/PUMP	12/07/98	12/31/10		1,114.	1,114.	0.
PORTACUT	3/11/02	12/31/10		3,148.	3,148.	0.
TRASH PUMP & HANDHELD SAW	10/06/03	12/31/10		2,441.	2,441.	0.
					TOTAL	\$ 0.



20001



# Utah Corporation Franchise or Income Tax Return

Intuit **2010  
TC-20**

1032

For calendar year 2010 or fiscal year (mm/dd/yyyy):  
beginning - / / 2010 and ending - / /

- Amended Return (code 1-4)
- Mark 'X' if you filed federal form 8886

Mark 'X' if this is a new address:

- Physical address
- Mailing address

**WATER PRO, INC.**

**P O BOX 156**

**DRAPER, UT 84020**

Employer Identification Number

• **870572672**

UT Incorporation/Qualification No.

•

**8015712232**

- 1 If this corporation conducted any Utah business activity during the taxable year, enter 'X' •1 X
- 2 If this corporation joined in a federal consolidated return, enter 'X' •2
- 3 Mark 'X' (only one) if this return constitutes a:
- 3a 'water's edge' combined report
  - 3b 'water's edge' election under UC Section 59-7-402(2)
  - 3c 'worldwide' combined report
- 4 If this corporation made an election for any member of the federal affiliated group during the taxable year, enter 'X'
- 4a IRC Section 338
  - 4b IRC Section 338(h)(10)
  - 4c IRC Section 336(e)
- 5 If this return includes any financial institution defined by Tax Commission Rule R865-6F-32, enter 'X' •5
- 6 Ultimate U.S. parent's name •6 EIN
- 7 **Total Tax** – Enter amount from Schedule A, line 26 •7 1313
- 8 **Total Refundable Credits and Prepayments** – Enter amount from Schedule A, line 30 •8 4680
- 9 **Tax Due** – Subtract line 8 from line 7 (not less than zero) •9
- 10 Penalties and interest (see instructions) 10
- 11 **Pay this amount** – Add lines 9 and 10. Make check payable to Utah State Tax Commission •11
- 12 **Overpayment** – Subtract line 7 from line 8 (not less than zero) 12 3367
- 13 Amount of overpayment on line 12 to be applied to next taxable year •13 3367
- 14 **Refund** – Subtract line 13 from line 12 •14
- 15 Mark 'X' for each quarterly estimated prepayment meeting exceptions (attach documentation):
- 1st
  - 2nd
  - 3rd
  - 4th

USTC USE ONLY	
'X' if USTC may discuss return with preparer below	<b>X</b>

Under penalties of perjury, I declare to the best of my knowledge and belief, this return and accompanying schedules are true, correct and complete.

<b>SIGN HERE</b>	Signature of officer	Title <b>PRESIDENT</b>	Date	Preparer's telephone number (801) 532-2200	Preparer's PTIN P00630117
	Paid Preparer's Section	Preparer's signature	Date <b>MAR 10 2011</b>		
		Firm's name and address <b>HANSEN, BARNETT &amp; MAXWELL, P.C. 5 TRIAD CENTER, SUITE 750 SALT LAKE CITY</b>	UT 84180		

EIN 870572672  
WATER PRO, INC.

Note: Utah Code Subsection 59-7-519 extends the Statute of Limitations for tax assessment when required information is not fully reported.

1 What is the date of incorporation 01 / 01 / 1998 and in what state? UT

2 If this corporation is dissolved or withdrawn, see Dissolution or Withdrawal in the General Instructions.

3 Yes  No  Did this corporation at any time during its tax year own more than 50 percent of the voting stock of another corporation or corporations?

If yes, provide the following for each corporation so owned (attach additional pages if necessary):

Name of corporation

Address

City, State, Zip Code

Percent of stock owned % Date stock acquired / /

4  Yes  No  Is 50 percent or more of the voting stock of this corporation owned by another corporation?

If yes, provide the following information about the corporation:

Name of corporation DRAPER IRRIGATION COMPANY

Address 12421 SOUTH 800 EAST

City, State, Zip Code DRAPER, UT 84020

Percent of stock owned 100 %

5 Yes  No  Did this corporation or its subsidiary(ies) have a change in control or ownership or acquire control or ownership of any other legal entity this year?

6 Where are the corporate books and records maintained?

12421 SOUTH 800 EAST, DRAPER, UT 84020

7 What is the state of commercial domicile? UT

8 What is the last year for which a federal examination has been completed? / /

Under separate cover, send a summary and supporting schedules for all federal adjustments and the federal tax liability for each year for which federal audit adjustments have not been reported to the Tax Commission and indicate date of final determination. Forward information to:

Auditing Division, Utah State Tax Commission, 210 North 1950 West, Salt Lake City, UT 84134-2000.

9 For what years are federal examinations now in progress, and/or final determination of past examinations still pending?

/ / / / / / / /

10 For what years have extensions for proposing additional assessments of federal tax been agreed to with the Internal Revenue Service?

/ / / / / / / /

EIN 870572672

1	Unadjusted income (loss) before NOL and special deductions from federal form 1120	• 1	25083
2	Additions to unadjusted income (Schedule B, line 15)	• 2	4100
3	Add line 1 and line 2	3	29183
4	Subtractions from unadjusted income (Schedule C, line 16)	• 4	
5	Adjusted income (loss) (subtract line 4 from line 3)	• 5	29183
6	Nonbusiness income allocated to Utah (Schedule H, line 13)	• 6	
7	Nonbusiness income allocated outside Utah (Schedule H, line 26)	• 7	
8	Total nonbusiness income (add line 6 and line 7)	8	0
9	Apportionable income before contributions deduction (subtract line 8 from line 5)	• 9	29183
10	Utah contributions deduction (Schedule D, line 6)	• 10	2918
11	Apportionable income (loss) (subtract line 10 from line 9)	11	26265
12	Apportionment fraction (enter 1.000000, or Schedule J, line 8 or line 12, if applicable)	12	1.000000
13	Apportioned income (loss) (line 11 multiplied by line 12)	• 13	26265
14	Nonbusiness income allocated to Utah (from line 6 above)	14	
15	Utah income (loss) before Utah net loss deduction (add line 13 and line 14)	• 15	26265
	If line 15 is a loss and you elected to forego the federal net operating loss carryback, do you want to forego the Utah loss carryback? If no box is checked, the loss will be treated as a carryback. Use form TC-20L to claim a refund of prior year tax for a loss carryback.	• Yes • No	
16	Utah net loss carried forward from prior years (attach documentation)	• 16	
17	<b>Net Utah taxable income (loss)</b> – subtract line 16 from line 15 (not less than zero)	• 17	26265
18	<b>Calculation of tax</b> (see instructions):		
a	Multiply line 17 by 5% (.05) (not less than zero)	18 a	1313
b	Minimum tax – enter \$100 or Schedule M, line b	• 18 b	100
	Tax amount – enter the greater of line 18a or line 18b	• 18	1313
19	Interest on installment sales	• 19	
20	Recapture of low-income housing credit	• 20	
21	Total tax – add lines 18 through 20 Carry to Schedule A, page 2, line 22	• 21	1313

EIN 870572672

22	Enter tax from Schedule A, page 1, line 21			• 22	1313
23	Nonrefundable credits (see instructions for two-digit codes)				
	<b>Code</b>	<b>Amount</b>	<b>Code</b>	<b>Amount</b>	
	• 23 a		• 23 b		
	• 23 c		• 23 d		
	• 23 e		• 23 f		
	Total nonrefundable credits (add lines 23a through 23f)			• 23	
24	Net tax – subtract line 23 from line 22 (cannot be less than line 18b or less than zero)			• 24	1313
25	Use tax, if \$400 or less (see instructions)			• 25	
26	<b>Total tax</b> – add lines 24 and 25 Enter here and on TC-20, line 7			• 26	1313

27	Refundable credits (see instructions for two-digit codes)				
	<b>Code</b>	<b>Amount</b>	<b>Code</b>	<b>Amount</b>	
	• 27 a		• 27 b		
	• 27 c		• 27 d		
	Total refundable credits (add lines 27a through 27d)			• 27	
28	Prepayments from Schedule E, line 4			• 28	4680
29	Amended returns only (see instructions)			• 29	
30	<b>Total refundable credits and prepayments</b> – add lines 27 through 29 Enter here and on TC-20, line 8			• 30	4680

20005 **Schedule B – Additions to Unadjusted Income**

Intuit **TC-20, Sch. B**

EIN 870572672

1	Interest from state obligations	• 1	
2	<b>a</b> Income taxes paid to any state	• 2 a	1313
	<b>b</b> Franchise or privilege taxes paid to any state	• 2 b	
	<b>c</b> Corporate stock taxes paid to any state	• 2 c	
	<b>d</b> Any income, franchise or capital stock taxes imposed by a foreign country	• 2 d	
	<b>e</b> Business and occupation taxes paid to any state	• 2 e	
3	Safe harbor lease adjustments	• 3	
4	Capital loss carryover	• 4	
5	Federal deductions taken previously on a Utah return	• 5	
6	Federal charitable contributions from federal form 1120, line 19	• 6	2787
7	Gain (loss) on IRC Sections 338(h)(10) or 336(e)	• 7	
8	Adjustments due to basis difference	• 8	
9	Expenses attributable to 50 percent unitary foreign dividend exclusion	• 9	
10	Installment sales income previously reported for federal but not Utah purposes	• 10	
11	Non-qualified withdrawal from Utah Educational Savings Plan (UESP) 529 account	• 11	
12	Income (loss) from IRC Section 936 corporations	• 12	
13	Foreign income (loss) for worldwide combined filers	• 13	
14	Income (loss) of unitary corporations not included in federal consolidated return	• 14	
15	Total additions (add lines 1 through 14) Enter here and on Schedule A, line 2	• 15	4100

20007 **Schedule D – Utah Contributions Deduction**

Intuit **TC-20, Sch. D**

EIN 870572672

1	Apportionable income before contributions deduction (from Schedule A, line 9) If a loss, no contribution is allowed	• 1	29183
2	Utah contribution limitation – multiply line 1 by 10% (.10)	2	2918
3	Current year contributions	• 3	14380
4	Utah contribution carryforward (attach schedule) <b>SEE STATEMENT 1</b>	• 4	11635
5	Total contributions available (add line 3 and line 4)	5	26015
6	<b>Utah contributions deduction</b> (lesser of line 2 or line 5) Enter here and on Schedule A, line 10	• 6	2918
7	Contribution carryover to next year – subtract line 6 from line 5	• 7	23097

**Schedule E – Prepayments of Any Type**

**TC-20, Sch. E**

1	Overpayment applied from prior year	1																					
2	Extension prepayment      Date:    /    /              Check No.:	2																					
3	Other prepayments (attach additional pages if necessary)																						
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 20%;">Date</th> <th style="width: 20%;">Check No.</th> <th style="width: 20%;">Amount</th> </tr> </thead> <tbody> <tr> <td>a</td> <td>3 29 2010</td> <td></td> <td style="text-align: right;">1170</td> </tr> <tr> <td>b</td> <td>6 01 2010</td> <td></td> <td style="text-align: right;">1170</td> </tr> <tr> <td>c</td> <td>9 13 2010</td> <td></td> <td style="text-align: right;">1170</td> </tr> <tr> <td>d</td> <td>12 13 2010</td> <td></td> <td style="text-align: right;">1170</td> </tr> </tbody> </table>		Date	Check No.	Amount	a	3 29 2010		1170	b	6 01 2010		1170	c	9 13 2010		1170	d	12 13 2010		1170		
	Date	Check No.	Amount																				
a	3 29 2010		1170																				
b	6 01 2010		1170																				
c	9 13 2010		1170																				
d	12 13 2010		1170																				
	Total of other prepayments (add lines 3a through 3d)	3	4680																				
4	Total prepayments (add lines 1 through 3) Enter here and on Schedule A, line 28	4	4680																				

STATEMENT 1  
SCHEDULE D, LINE 4  
CONTRIBUTION CARRYFORWARD

CONTRIBUTION CARRYFORWARD FROM 2009.....	\$	11,635.
TOTAL	\$	<u>11,635.</u>

WATER PRO, INC.

87-0572672

	2010	2009	DIFF
<b>INCOME</b>			
GROSS RECEIPTS LESS RETURNS/ALLOWANCE.....	4,057,581	4,027,655	29,926
COST OF GOODS SOLD (SCHEDULE A).....	1,044,346	1,162,830	-118,484
GROSS PROFIT.....	3,013,235	2,864,825	148,410
INTEREST.....	19,467	56,804	-37,337
CAPITAL GAIN NET INCOME FROM SCHED. D....	57,834	0	57,834
NET GAIN (OR LOSS) FROM 4797.....	33,304	0	33,304
OTHER INCOME.....	46,295	40,809	5,486
TOTAL INCOME.....	3,170,135	2,962,438	207,697
<b>DEDUCTIONS</b>			
SALARIES/WAGES LESS EMPLOYMENT CREDITS...	1,131,746	1,013,964	117,782
REPAIRS AND MAINTENANCE.....	390,633	306,294	84,339
RENTS.....	11,194	7,887	3,307
TAXES AND LICENSES.....	84,630	84,640	-10
INTEREST.....	0	114,300	-114,300
CONTRIBUTIONS.....	2,787	9,931	-7,144
DEPRECIATION.....	130,374	115,558	14,816
ADVERTISING.....	19,962	41,590	-21,628
PENSION, PROFIT-SHARING, ETC. PLANS.....	42,491	41,008	1,483
OTHER DEDUCTIONS.....	1,331,235	1,137,884	193,351
TOTAL DEDUCTIONS.....	3,145,052	2,873,056	271,996
<b>TAXABLE INCOME</b>			
TAXABLE INCOME (LINE 28).....	25,083	89,382	-64,299
TAXABLE INCOME.....	25,083	89,382	-64,299
<b>TAX COMPUTATION</b>			
INCOME TAX.....	3,762	18,640	-14,878
TOTAL TAX.....	3,762	18,640	-14,878
<b>PAYMENTS AND CREDITS</b>			
ESTIMATED TAX PAYMENTS.....	18,640	0	18,640
TOTAL PAYMENTS AND CREDITS.....	18,640	0	18,640
<b>REFUND OR AMOUNT DUE</b>			
OVERPAYMENT.....	14,878	0	14,878
OVERPAYMENT CREDITED TO NEXT YEAR.....	14,878	0	14,878
UNDERPAYMENT PENALTY.....	0	440	-440
TAX DUE.....	0	19,080	-19,080
<b>SCHEDULE L</b>			
BEGINNING ASSETS.....	5,019,382	6,421,217	-1,401,835
BEGINNING LIABILITIES & EQUITY.....	5,019,382	6,421,217	-1,401,835
ENDING ASSETS.....	5,131,354	5,019,382	111,972
ENDING LIABILITIES & EQUITY.....	5,131,354	5,019,382	111,972
<b>TAX RATES</b>			
MARGINAL TAX RATE.....	15.0%	34.0%	-19.0%
EFFECTIVE TAX RATE.....	15.0%	20.9%	-5.9%



WATER PRO, INC.

87-0572672

**ENDING ASSETS**

CASH.....		484,774
ACCOUNTS RECEIVABLE.....	1,921,005	
LESS: ALLOWANCE FOR BAD DEBTS.....	(0)	1,921,005
INVENTORIES.....		231,057
OTHER CURRENT ASSETS.....		18,245
OTHER INVESTMENTS.....		2,014,204
BUILDINGS AND OTHER ASSETS.....	1,705,596	
LESS: ACCUMULATED DEPRECIATION.....	(1,274,957)	430,639
OTHER ASSETS.....		31,430
TOTAL ASSETS.....		5,131,354

**ENDING LIABILITIES & EQUITY**

OTHER CURRENT LIABILITIES.....		426,209
COMMON STOCK.....	200	200
ADDITIONAL PAID-IN CAPITAL.....		408,382
UNAPPROPRIATED RETAINED EARNINGS.....		4,296,563
TOTAL LIABILITIES AND EQUITY.....		5,131,354

WATER PRO, INC.

87-0572672

	2010	2009	DIFF
<b>UTAH NET TAXABLE INCOME</b>			
FEDERAL UNADJUSTED INCOME/LOSS.....	25,083	89,382	-64,299
ADDITIONS TO UNADJUSTED INCOME.....	4,100	14,611	-10,511
ADJUSTED INCOME.....	29,183	103,993	-74,810
APPORTIONABLE INCOME BEFORE CONTRIB.....	29,183	103,993	-74,810
UTAH CONTRIBUTIONS.....	2,918	10,399	-7,481
APPORTIONABLE INCOME.....	26,265	93,594	-67,329
APPORTIONMENT FRACTION.....	1.0000%	1.0000%	0.0000%
APPORTIONED INCOME.....	26,265	93,594	-67,329
UTAH TAXABLE INCOME.....	26,265	93,594	-67,329
NET TAXABLE INCOME.....	26,265	93,594	-67,329
<b>REFUND OR AMOUNT DUE</b>			
TAX AMOUNT.....	1,313	4,680	-3,367
TOTAL TAX BEFORE NONREFUNDABLE CREDITS...	1,313	0	1,313
NET TAX DUE.....	1,313	4,680	-3,367
TOTAL TAX BEFORE REFUNDABLE CREDITS.....	1,313	0	1,313
TOTAL REFUNDABLE CREDITS AND PREPAYMENTS	4,680	3,480	1,200
OVERPAYMENT.....	3,367	0	3,367
OVERPAYMENT APPLIED TO NEXT YEAR.....	3,367	0	3,367
TAX DUE.....	0	1,200	-1,200
TOTAL REMITTED.....	0	1,200	-1,200
<b>TAX RATES</b>			
MARGINAL TAX RATE.....	5.0%	5.0%	0.0%
EFFECTIVE TAX RATE.....	5.0%	5.0%	0.0%