

HIDDEN CREEK WATER COMPANY 2009 CORPORATE RETURN

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

2009

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

For calendar year 2009 or tax year beginning 2009, ending 20

A S election effective date <u>1/1/00</u>	Use IRS label. Otherwise, print or type.	Name <u>Hidden Creek Water Company</u>	D Employer identification number
B Business activity code number (see instructions) <u>221000</u>		Number, street, and room or suite no. if a P.O. box, see instructions. <u>5225 Alvera Circle</u>	E Date incorporated <u>6/20/95</u>
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code <u>SLC, UT 84117</u>	F Total assets (see instructions) \$ <u>330,092</u>

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year 4

Caution. Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income		Deductions (see instructions for limitations)		Tax and Payments	
1a	Gross receipts or sales	b	Less returns and allowances	c	Bal ▶
2	Cost of goods sold (Schedule A, line 8)	7	Compensation of officers	23a	2009 estimated tax payments and 2008 overpayment credited to 2009
3	Gross profit. Subtract line 2 from line 1c	8	Salaries and wages (less employment credits)	23b	Tax deposited with Form 7004
4	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	Repairs and maintenance	23c	Credit for federal tax paid on fuels (attach Form 4136)
5	Other income (loss) (see instructions—attach statement)	10	Bad debts	23d	Add lines 23a through 23c
6	Total income (loss). Add lines 3 through 5	11	Rents	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>
		12	Taxes and licenses	25	Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed
		13	Interest	26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid
		14	Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)	27	Enter amount from line 26 Credited to 2010 estimated tax ▶ Refunded ▶
		15	Depletion (Do not deduct oil and gas depletion.)		
		16	Advertising		
		17	Pension, profit-sharing, etc., plans		
		18	Employee benefit programs		
		19	Other deductions (attach statement)		
		20	Total deductions. Add lines 7 through 19		
		21	Ordinary business income (loss). Subtract line 20 from line 6		
		22a	Excess net passive income or LIFO recapture tax (see instructions)		
		22b	Tax from Schedule D (Form 1120S)		
		22c	Add lines 22a and 22b (see instructions for additional taxes)		

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.

Signature of officer [Signature] **Date** 13/25/10 **Title** Treasurer

Preparer's signature [Signature] **Date** 3/25/10 **Check if self-employed** **Preparer's SSN or PTIN** _____

Firm's name (or yours if self-employed), address, and ZIP code Jason Tanner, Certified Public Accountant
5225 Alvera Circle, SLC, UT 84117 **EIN** _____

Phone no. _____

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1		
2	Purchases	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach statement)	4		
5	Other costs (attach statement)	5		
6	Total. Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

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? Yes No
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2 See the instructions and enter the: a Business activity ▶ <u>Water Utility</u> b Product or service ▶ <u>Water Delivery System</u>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		✓
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		✓
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$ _____		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____		
8 Are the corporation's total receipts (see instructions) 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 and M-1		✓

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 (21,083)
2 Net rental real estate income (loss) (attach Form 8825)	2
3a Other gross rental income (loss) 3a	
b Expenses from other rental activities (attach statement) 3b	
c Other net rental income (loss). Subtract line 3b from line 3a 3c	
4 Interest income 4	
5 Dividends: a Ordinary dividends 5a	
b Qualified dividends 5b	
6 Royalties 6	
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) 7	
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) 8a	
b Collectibles (28%) gain (loss) 8b	
c Unrecaptured section 1250 gain (attach statement) 8c	
9 Net section 1231 gain (loss) (attach Form 4797) 9	
10 Other income (loss) (see instructions) Type ▶ 10	

Hidden Creek Water Company

#87-0542221

Other Deductions, Form 1120S, Line 19:

Administrative	\$	636
Compliance & Certification Expenses		872
Professional Fees		12,000
Office & Supplies		950
Utilities		5,170
Water Testing		<u>2,437</u>
Total Other Deductions	\$	<u>22,065</u>

Depreciation and Amortization
(Including Information on Listed Property)

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

Name(s) shown on return Hidden Creek Water Company	Business or activity to which this form relates Form 1120S	Identifying number
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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 the instructions for a higher limit for certain businesses	1	\$250,000
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	\$800,000
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 smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	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 2010. 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	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

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 2009	17	16,020
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 2009 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						
c 7-year property						
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			39 yrs.	MM	S/L	
				MM	S/L	

Section C--Assets Placed in Service During 2009 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	
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	16,020
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	

		Shareholders' Pro Rata Share Items (continued)	Total amount	
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
	d	Other deductions (see instructions) Type ▶	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) Type ▶	13d	
	e	Other rental credits (see instructions) Type ▶	13e	
	f	Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g	Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a	Name of country or U.S. possession ▶		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d	Passive category	14d	
	e	General category	14e	
	f	Other (attach statement) Deductions allocated and apportioned at shareholder level	14f	
	g	Interest expense	14g	
	h	Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i	Passive category	14i	
	j	General category	14j	
	k	Other (attach statement) Other information	14k	
	l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
n	Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties—gross income	15d	
	e	Oil, gas, and geothermal properties—deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	
	d	Property distributions	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	(21,083)

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		24,395		19,332
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	550,000		550,000	
b	Less accumulated depreciation	(223,220)	326,780	(239,240)	310,760
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement)				
15	Total assets		351,175		330,092
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		544,000		
21	Other liabilities (attach statement)				
22	Capital stock		1,000		1,000
23	Additional paid-in capital		85,000		629,000
24	Retained earnings		(278,825)		(299,908)
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	()		()	
27	Total liabilities and shareholders' equity		351,175		330,092

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) 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	(21,083)	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	(21,083)	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	(21,083)

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	(278,825)	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	(21,083)	
5	Other reductions	()	
6	Combine lines 1 through 5	(299,908)	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	(299,908)	