

EAR-2

EAR Committee

From: Blossom Feiteira <blossom@mokuula.com>
Sent: Monday, October 12, 2015 2:34 PM
To: EAR Committee
Subject: Final email for tomorrow's committee meeting
Attachments: Letter to Don Guzman.docx; ATT00001.htm

Blossom Feiteira
Executive Director
Friends of Moku`ula, Inc.
505 Front Street, Suite 221
Lahaina, Maui, Hawaii 96761
phone: (808) 661-3659
email: blossom@mokuula.com
website: www.mokuula.com

October 7, 2015

Mr. Don S. Guzman, Chair
Economic Development, Energy, Agriculture and Recreation Committee
Maui County Council
200 S. High Street
8th Floor
Wailuku, Maui, Hawaii 96793

Delivered via email to Sharon Brooks, Council Services

Aloha Chairperson Guzman;

Enclosed are the following reports you requested via correspondences dated September 22, 2015.

In correspondence addressed to myself dated September 22, 2015:

1. A copy of our current contract with Kalua O Kiha and Diamond Parking regarding the operation, maintenance, or other services connected with the parking concession. This contract was executed in December 2013, and is currently in place.
3. An itemized spread sheet indicating all revenue collected from the parking lot concession to date;
5. Federal tax returns for Kalua O Kiha from 2006 to 2015
6. A detailed explanation responding to sub-items a through d is attached as item A.

In correspondence addressed to Kimo Falconer, Board President and myself dated September 22, 2015:

1. Please see detailed explanation for this item as item B.
2. The Friends of Moku`ula has consolidated its for-profit subsidiary, Kalua O Kiha as recommended by an audit conducted by Carbonaro DeMichele, CPA. While the copy of the recommendation was not attached, we are also including our most recent audit by Levin and Hu, CPA for 2013 for your review.

4. The Friends of Moku`ula share no benefits with Kalua O Kiha. The Friends provide administrative functions to assist Kalua O Kiha at a rate of 10% of costs to the Friends. In addition, the Friends manage their maintenance personnel for the site.

5. To my knowledge, the Friends have been submitting annual reports as required since 2003. I can only confirm reports submitted since 2013. Annual Grant Reports are submitted to the Grants Division of the County of Maui Department of Parks and Recreation.

6. We are currently in the process of establishing an arm's length approach in our relationship with Kalua O Kiha.

7. The Friends of Moku`ula is in the process of negotiating a contract with an CPA firm to conduct annual audits beginning this fiscal year. We anticipate that this audit will begin in mid December and will conclude in the first quarter of 2016.

I apologize for the delay in submitting these documents to your office, as the Friends of Moku`ula were off island attending a conference in Honolulu, and did not receive your letter until our return on September 28th.

I am submitting what I have prepared within this time frame so that you have some of the information to file within your deadline to post your agenda.

The remaining documents and information contained in both your correspondence will be delivered by end of day tomorrow.

I again apologize for these delays. The Friends of Moku`ula are wholly supportive of your efforts to ensure that the Committee has the information necessary for their decisionmaking efforts.

Sincerely,

Blossom Feiteira
Executive Director.

ITEM A:

Correspondence dated September 22, 2015 to Blossom Feiteira Executive Director Item number 6.

a. Income and expenses allocated between Friends of Moku`ula and Kalua O Kiha

1. Income derived from the parking lot concession is received by Kalua O Kiha each quarter. At the end of each quarter, Kalua O Kiha Board convenes to approve expenses and allocates an approved amount to Friends of Moku`ula ("FOM"). An amount identified by the board is set aside in reserve for unanticipated maintenance expenses.

2. Expenses of Kalua O Kiha ("KOK") based on a pro-rated amount of 10% for administrative and some personnel expenses. In addition, KOK maintains a part-time maintenance person who FOM oversees and monitors.

b. Staff, officers, and resources are shared.

Currently, FOM provides oversight of site, personnel and other administrative functions, (review of monthly utility costs, overall condition of site and use of area for practitioners, Maui Nei and other program activities, and attendance at KOK board meetings, including all logistics) through the Executive Director of FOM. Contract fiscal support is provided and is paid directly by KOK at a rate equal to the pro-rated costs.

c. Benefits are provided by KOK to FOM.

Currently, there are no benefits provided to either entity.

d. Accounts are segregated.

KOK and FOM maintain separate bank accounts and recordkeeping.

ITEM B:

Correspondence dated September 22, 2015 to Kimo Falconer, Board President and Blossom Feiteira, Executive Director.

1. Does FOM operate the parking concession? If so, describe the duties performed by FOM in that regard. If not, please explain how the parking concession is operated.

FOM does not operate the parking concession. Kalua O Kiha ("KOK") was established based on a recommendation from our legal advisor and CPA in 2006 in response to the downturn in the economy and concerns raised by the IRS. KOK was created to take on the duties of operating the parking lot and maintenance of the site.

KOK negotiates with a management company and oversees contract compliance. KOK, including the removal of derelict cars found on property, monitor stalls, and general maintenance and cleaning of the parking area, including the removal and prevention of non-compliant activities in the parking lot and site area (drunk and disorderly, criminal littering, etc.)

Functions mentioned are provided by the Executive Director of FOM and site maintenance on an as needed basis.

#3

FRIENDS OF MOKU'ULA, INC.
Parking Lot Revenue

| | May 2003 to June 2003 | July 2003 to June 2004 | July 2004 to June 2005 | July 2005 to June 2006 | July 2006 to June 2007 | July 2007 to June 2008 | July 2008 to June 2009 | July 2009 to June 2010 | July 2010 to June 2011 | Total |
|-----------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------|
| Revenue | 18,933 | 165,604 | 179,081 | 200,275 | 198,000 | 198,000 | 173,500 | 144,000 | 144,000 | 1,421,393 |
| Expenses | | | | | | | | | | |
| Archival Learning Center | 877 | 642 | | | 25 | | | | | 1,544 |
| Site Maintenance | 194 | 328 | 7,179 | 612 | 282 | 4,326 | 811 | 488 | 677 | 14,897 |
| Parking Lot Repairs & Maintenance | | | | 62 | 460 | 664 | 480 | | 4 | 1,670 |
| Parking Lot Electricity | | | | | | | | | 2,096 | 2,096 |
| General Excise Tax | 757 | 6,624 | 7,163 | 8,011 | 7,920 | 7,920 | 6,940 | 5,760 | 5,760 | 56,855 |
| Insurance | 250 | 500 | 500 | 500 | 500 | 750 | 750 | 750 | 750 | 5,250 |
| Cultural Program | 250 | 1,112 | 91 | 30 | 25 | | | 21,000 | 32,710 | 55,218 |
| Supplies | | | | | | | | 40 | 81 | 121 |
| Archeology | | | | | 123 | 3,758 | 5,000 | 5,906 | 225 | 15,012 |
| Educational Walking Tours | 2,902 | 25,611 | 23,816 | 16,205 | 16,621 | 15,902 | 9,825 | 11,055 | 9,131 | 131,068 |
| Site Improvements | | | | | | | 401 | 2,346 | 8,553 | 11,300 |
| Architectural & Engineering Fees | | | | | | | | 17,977 | 25,363 | 43,340 |
| Personnel Expenses | 17,144 | 85,480 | 79,620 | 78,256 | 114,600 | 123,767 | 112,760 | 84,565 | 76,517 | 772,709 |
| | <u>22,374</u> | <u>120,297</u> | <u>118,369</u> | <u>103,676</u> | <u>140,556</u> | <u>157,087</u> | <u>136,967</u> | <u>149,887</u> | <u>161,867</u> | <u>1,111,080</u> |

Site Maintenance: Water, Landscaping, Clean Up
Insurance: Liability Insurance for Site & Parking Lot
Educational Walking Tours: Kumu, Tour Admissions
Personnel: 75% of Staff Waqes, Benefits, Payroll Taxes
Parking Lot Repairs & Maintenance: Golf Cart Expenses
Site Improvements: Sign, Fence, Storage Shed
Cultural Program: Hokulani Holt, Educational Materials, Ethnic Story Telling

FRIENDS OF MOKU'ULA, INC.

Parking Lot Revenue

| | July 2011 <u>June 2012</u> | July 2012 to <u>June 2013</u> | <u>Total</u> |
|--|-------------------------------|----------------------------------|----------------|
| Revenue | 144,000 | 144,000 | 288,000 |
| <u>Expenses</u> | | | |
| Site Maintenance | 848 | 791 | 1,639 |
| Facilities Maintenance and Utilities | 9,158 | 9,183 | 18,341 |
| Parking Lot Electricity | 3,274 | 2,730 | 6,004 |
| General Excise Tax | 5,760 | 5,760 | 11,520 |
| Insurance | 1,880 | 1,878 | 3,758 |
| Telephone and Internet | 3,696 | 3,909 | 7,605 |
| Archeology | 29 | | 29 |
| Cultural Program | 22,000 | 12,075 | 34,075 |
| Architectural and Engineering Expenses | | 5,487 | |
| Personnel Expenses | <u>97,356</u> | <u>69,086</u> | <u>166,442</u> |
| | <u>144,000</u> | <u>110,899</u> | <u>249,412</u> |

Site Maintenance: Water, Landscaping, Clean Up
Insurance: Liability Insurance for Site & Parking Lot
Cultural Program: Hokulani Holt, Educational Materials
Personnel: 75% of Staff Wages, Benefits, Payroll Taxes

Any revenues received in excess of expenditures have been put in reserves to fund the upcoming project expenses.

**FRIENDS OF MOKU'ULA, INC.
AND SUBSIDIARY**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

LEVIN & HU, LLP

CERTIFIED PUBLIC ACCOUNTANTS
77 Ho'okele Street, Third Floor, Kahului, Hawaii, 96732
(808)270-1077 Fax (808)270-1072

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Levin & Hu, LLP
Certified Public Accountants
77 Hookele Street, Suite 302
Kahului, Maui, Hawaii 96732-3516
808-270-1077 main line
808-270-1072 fax
www.levinhu.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Friends of Moku'ula, Inc. and Subsidiary
Lahaina, Hawaii

We have audited the accompanying consolidated financial statements of Friends of Moku'ula, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends of Moku'ula, Inc. and subsidiary as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed consolidated statement of financial position and detailed consolidated statement of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Levin & Hu, LLP
Kahului, Hawaii
May 28, 2014

Levin & Hu, LLP

**FRIENDS OF MOKU'ULA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013**

ASSETS

| | |
|-------------------------------------|--------------------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 146,555 |
| Grants Receivable | 7,054 |
| Prepaid Insurance | <u>1,456</u> |
| Total Current Assets | 155,065 |
| Property and Equipment | |
| Furniture and Equipment | 21,525 |
| Site Improvements | 8,406 |
| Building Improvements | <u>7,661</u> |
| | 37,592 |
| Less: Accumulated Depreciation | <u>(22,786)</u> |
| Property and Equipment - Net | 14,806 |
| Other Assets | |
| Construction in Progress | <u>332,655</u> |
| Total Other Assets | <u>332,655</u> |
| TOTAL ASSETS | \$ <u>502,526</u> |

LIABILITIES AND NET ASSETS

| | |
|---|--------------------------|
| Current Liabilities | |
| Accounts Payable | \$ 2,626 |
| Accrued Payroll and Payroll Taxes | 981 |
| Accrued Income Taxes | <u>2,783</u> |
| Total Current Liabilities | 6,390 |
| Total Liabilities | 6,390 |
| Net Assets | |
| Unrestricted Net Assets | 446,791 |
| Temporarily Restricted Net Assets | <u>49,345</u> |
| Total Net Assets | <u>496,136</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>502,526</u> |

See accompanying notes and independent auditors' report.

**FRIENDS OF MOKU'ULA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|--------------------------|-----------------------------------|--------------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Parking Lease Revenue | \$ 144,000 | \$ - | \$ 144,000 |
| Program Fees | 53,030 | - | 53,030 |
| Donated Facilities, Materials, and Services | 125,322 | - | 125,322 |
| Grant Income | 15,690 | 15,000 | 30,690 |
| Contributions | 4,599 | 1,800 | 6,399 |
| Other Income | 2,196 | - | 2,196 |
| Interest | 48 | - | 48 |
| Net Assets Released from Restrictions | <u>4,575</u> | <u>(4,575)</u> | <u>-</u> |
| TOTAL REVENUE AND OTHER SUPPORT | 349,460 | 12,225 | 361,685 |
| EXPENSES | | | |
| Program Services | 123,727 | - | 123,727 |
| Management and General | 159,458 | - | 159,458 |
| Fundraising | <u>25,211</u> | <u>-</u> | <u>25,211</u> |
| TOTAL EXPENSES | 308,397 | - | 308,397 |
| INCOME TAXES | | | |
| Federal | 11,527 | - | 11,527 |
| State | <u>3,320</u> | <u>-</u> | <u>3,320</u> |
| TOTAL INCOME TAXES | <u>14,847</u> | <u>-</u> | <u>14,847</u> |
| CHANGES IN NET ASSETS | 26,216 | 12,225 | 38,441 |
| NET ASSETS - BEGINNING OF YEAR | <u>420,575</u> | <u>37,120</u> | <u>457,695</u> |
| NET ASSETS - END OF YEAR | <u>\$ 446,791</u> | <u>\$ 49,345</u> | <u>\$ 496,136</u> |

See accompanying notes and independent auditors' report.

FRIENDS OF MOKU'ULA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Employee Related Expenses | | | | |
| Salaries and Wages | \$ 12,946 | \$ 43,383 | \$ 8,791 | \$ 65,120 |
| Employee Benefits | 3,544 | 7,823 | 1,857 | 13,225 |
| Payroll Taxes | 1,526 | 4,831 | 800 | 7,157 |
| Tour Expenses | | | | |
| Advertising and Marketing | 36,901 | - | - | 36,901 |
| Operations and Office Manager | 10,959 | - | - | 10,959 |
| Guides | 10,429 | - | - | 10,429 |
| Tour Admissions | 3,122 | - | - | 3,122 |
| Miscellaneous | 1,151 | - | - | 1,151 |
| Professional Fees | 4,924 | 51,065 | - | 55,989 |
| Occupancy | 20,042 | 26,316 | 10,503 | 56,861 |
| Cultural Advisor | 6,000 | 6,000 | - | 12,000 |
| Telephone and Communications | 1,364 | 4,037 | 715 | 6,115 |
| Site Maintenance and Utilities | 2,957 | 1,773 | 1,365 | 6,095 |
| Insurance | 1,851 | 2,105 | 250 | 4,206 |
| Travel | 753 | 1,810 | - | 2,563 |
| Website Development | 1,500 | - | - | 1,500 |
| Scholarships | 1,000 | - | - | 1,000 |
| Office and Administrative | 1,353 | 3,110 | 194 | 4,657 |
| Depreciation | 1,405 | 1,416 | 737 | 3,558 |
| General Excise Taxes | - | 5,789 | - | 5,789 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Expenses | <u>\$ 123,727</u> | <u>\$ 159,458</u> | <u>\$ 25,211</u> | <u>\$ 308,397</u> |

See accompanying notes and independent auditors' report.

**FRIENDS OF MOKU'ULA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

| | |
|--|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Changes in net assets | \$ 38,441 |
| Adjustments to reconcile increase in net assets to net cash used by operating activities: | |
| Depreciation | 3,558 |
| (Increase) decrease in operating assets: | |
| Grants Receivable | (5,690) |
| Prepaid Expenses | 604 |
| Increase (decrease) in operating liabilities: | |
| Accounts Payable | (5,332) |
| Accrued Payroll and Payroll Taxes | (4,109) |
| Accrued Pension | (1,263) |
| Accrued Vacation | (10,808) |
| Accrued Income Taxes | <u>2,783</u> |
| Net cash provided by operating activities | 18,184 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | (230) |
| Construction in progress | <u>(5,487)</u> |
| Net cash used by investing activities | (5,717) |
| NET INCREASE IN CASH | 12,467 |
| CASH AT BEGINNING OF YEAR | <u>134,088</u> |
| CASH AT END OF YEAR | <u>\$ 146,555</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | |
| Income taxes paid | <u>\$ 10,850</u> |

See accompanying notes and independent auditors' report.

FRIENDS OF MOKU'ULA AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - NATURE OF ORGANIZATION

Friends of Moku'ula, Inc. (FOM) was incorporated under the laws of the State of Hawaii as a nonprofit corporation in 1997. The Organization's mission is to perpetuate native Hawaiian culture through promotion of public awareness and activities, which includes the following:

Pond Restoration – The Organization is in the process of restoring, protecting, and preserving a historically significant pond at Lahaina, Maui known as Moku'ula and Mokuhina.

Maui Nei Historical Tour – The Organization provides a walking tour through Lahaina, visiting and explaining significant historical sites throughout the area.

Ka Lua O Kiha, Inc. (the Subsidiary) was incorporated in March 2006 to provide site maintenance and management for the Mokuhina pond, which is being restored by FOM. While the restoration is in progress, the site is temporarily used for public parking (See Note 4 for additional discussion). The corporation operates out of Lahaina, Maui, Hawaii.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidation

The accompanying financial statements include the accounts of FOM and Subsidiary (together referred to as the Organization). FOM owns 100% of the issued common stock of Subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

b. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid. For contributions and donations, revenue is recognized when the gift is received.

c. Basis of Presentation

The Organization has conformed to FASB ASC 958-210-45-9 *Not-for-Profit Entities, Classifications of Net Assets*. Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets.

FRIENDS OF MOKU'ULA AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation (Continued)

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Organization.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Contributions

Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted net assets, depended on the existence and/or nature of any donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional. Contributions of assets other than cash are recorded at their estimated fair value.

f. Fixed Assets

Property, furniture, fixtures and equipment are recorded at cost or, if donated, at the approximate fair market value at date of contribution. The Organization capitalizes and depreciates assets with an estimated useful life greater than one year. Expenditures for major additions and improvements are capitalized, and for minor replacements, maintenance and repairs are charged to expense as incurred.

**FRIENDS OF MOKU'ULA AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Fixed Assets (Continued)

Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|--------------------------------|--------------|
| Furniture and Equipment | 5 years |
| Building and Site Improvements | 5 - 30 years |

Depreciation expense for the year ended June 30, 2013 amounted to \$3,588.

g. Income Taxes

FOM is exempt from federal and state income taxes pursuant to Internal Revenue Code Section 501(c) (3) and Hawaii State Revised Statutes Section 416-19 and 416-20. Therefore, no provision for Federal or State income taxes is required for the financial statements. The Organization is also classified as a public charity under section 509(a) (2) of the Internal Revenue Code.

The Subsidiary is a for profit corporation which is subject to both Federal and State income taxes. The Subsidiary accounts for income taxes in accordance with FASB ASC 740-10-25, *Income Taxes*, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to the charitable contributions carryover.

At June 30, 2013, the Subsidiary established a 100% valuation allowance against the net deferred tax assets of \$6,184, recognized for disallowed charitable contributions amounting to \$30,918 that may be available to offset future taxable income. The Subsidiary has determined that realization of the net deferred tax assets is unlikely as the charitable contributions made to FOM each year are likely to exceed the allowable deduction.

h. Cash and Cash Equivalents

Cash and cash equivalents are defined for the purposes of presenting the statement of cash flows as checking accounts, savings accounts, certificates of deposits, and money market accounts that are readily converted to cash within one year.

**FRIENDS OF MOKU'ULA AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Expense Allocation

The Organization allocates expenses on a functional basis among three categories: direct program services, management and general, and fundraising. Most expenses are allocated directly to the program or support service benefited. Certain expenses are allocated using a percentage base. For the year ended June 30, 2013, the percentage base is 39.8% for management and general expenses and 20.7% for fundraising expenses. These percentages are based on the ratio of administrative and fundraising staff wages to total staff wages.

NOTE 3 - DONATED FACILITIES, MATERIALS, AND SERVICES

The Organization is not required to pay rent or some of its common area maintenance fees for its facilities. The minimum lease payments have been valued at approximately \$44,484, which has been recorded as in-kind revenue.

In addition, the Organization has received the following donated materials and services, all of which has been recorded as in-kind revenue.

| | |
|----------------------|----------|
| Legal Services | \$41,625 |
| Advertising Services | 36,625 |
| Materials | 2,588 |

NOTE 4 - OPERATING LEASE

FOM leases a parcel of land from the County of Maui for \$1 per year through January 2037. Management has not determined a fair value of the lease and accordingly, no in-kind revenue is reflected in the financial statements.

The parcel, which is the intended restoration site, is currently being used as a parking facility, which is operated by Diamond Parking Services LLC. The parking lease agreement can be terminated by either party with ninety days written notice. The Subsidiary is providing site maintenance and management in exchange for the parking lease fees, which amounted to \$144,000 for the fiscal year ended June 30, 2013

NOTE 5 - COUNTY OF MAUI GRANT

As of June 30, 2013, FOM has been awarded \$500,000 in grants from the County of Maui for the purposes of the site restoration and has received approximately \$260,817. The grant has been extended and expires on December 31, 2015.

**FRIENDS OF MOKU'ULA AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2013**

NOTE 6 - NET ASSETS

As of June 30, 2013, temporarily restricted net assets are available for the following purposes:

| | |
|------------------------------|------------------|
| Capital Campaign | \$ 500 |
| Akoni Akana Scholarship Fund | 14,652 |
| Malama Moku'ula | 10,000 |
| Meetings with Stakeholders | 5,000 |
| Archeologist | 19,193 |
| | <u>\$ 49,345</u> |

NOTE 7 - RETIREMENT PLAN

The Subsidiary sponsors a defined contribution plan that covers full time employees who have completed one year of service and have attained age 21. Contributions are made at a rate of 0 to 25% of employees' annual salary at the discretion of the Board of Directors. Contributions to the plan were \$3,519 for the fiscal year ended June 30, 2013.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Subsidiary receives 100% of its revenues from the parking facility. The County of Maui, as the legal owner of the site, reviews the usage of the parking lot every five years and at its discretion, can deny the continued operation of the parking facility.

NOTE 9 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Organization has evaluated subsequent events through May 28, 2014, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

FRIENDS OF MOKU'ULA, INC. AND SUBSIDIARY
DETAILED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SUPPLEMENTARY INFORMATION
JUNE 30, 2013

| | <u>Total</u> | <u>Intercompany Elimination</u> | <u>Friends of Moku'ula, Inc.</u> | <u>Ka Lua O Kiha, Inc.</u> |
|---|-------------------|-------------------------------------|--------------------------------------|--------------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 146,555 | | \$ 95,126 | \$ 51,429 |
| Accounts Receivable | - | (3,687) | 3,687 | - |
| Grants Receivable | 7,054 | | 7,054 | - |
| Prepaid Insurance | <u>1,456</u> | | <u>1,123</u> | <u>333</u> |
| Total Current Assets | 155,065 | | 106,990 | 51,762 |
| Property and Equipment | | | | |
| Furniture and Equipment | 21,525 | | 21,525 | - |
| Site Improvements | 8,406 | | 8,406 | - |
| Building Improvements | <u>7,661</u> | | <u>7,661</u> | <u>-</u> |
| | 37,592 | | 37,592 | |
| Less: Accumulated Depreciation | <u>(22,786)</u> | | <u>(22,786)</u> | <u>-</u> |
| Property and Equipment - Net | 14,806 | | 14,806 | - |
| Other Assets | | | | |
| Investment in Ka Lua O Kiha | - | (100) | 100 | - |
| Construction in Progress | <u>332,655</u> | | <u>332,655</u> | <u>-</u> |
| Total Other Assets | <u>332,655</u> | | <u>332,755</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 502,526</u> | | <u>\$ 454,551</u> | <u>\$ 51,762</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$ 2,626 | (3,687) | \$ 2,590 | \$ 3,723 |
| Accrued Payroll and Payroll Taxes | 981 | | 834 | 147 |
| Accrued Income Taxes | <u>2,783</u> | | <u>-</u> | <u>2,783</u> |
| Total Current Liabilities | <u>6,390</u> | | <u>3,424</u> | <u>6,653</u> |
| Total Liabilities | 6,390 | | 3,424 | 6,653 |
| Net Assets | | | | |
| Common Stock | - | (100) | - | 100 |
| Unrestricted Net Assets/Retained Earnings | 446,791 | | 401,782 | 45,009 |
| Temporarily Restricted Net Assets | <u>49,345</u> | | <u>49,345</u> | <u>-</u> |
| Total Net Assets | <u>496,136</u> | | <u>451,127</u> | <u>45,109</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 502,526</u> | | <u>\$ 454,551</u> | <u>\$ 51,762</u> |

See accompanying notes and independent auditors' report.



Diamond Parking Services LLC. Home Office • 605 1st Ave., Suite 600 • Seattle, WA 98104-2224

(206) 284-3100 • (800) 340-PARK • Fax (206) 285-5598

"Family Owned & Operated"

| | | | |
|------------|-------------------|-----------|--------|
| PROP OWNER | KA LUA O KIHA INC | LOCATION: | HM64 |
| LOCATION : | 505 FRONT STREET | VENDOR: | 221341 |

QUARTERLY REPORT OF REVENUE FOR:
APRIL 1, 2015 THROUGH JUNE 30, 2015

| | APRIL | MAY | JUNE | QUARTERLY TOTAL |
|----------------------|------------------|------------------|------------------|------------------|
| DAILY PARKING | 20,965.82 | 19,971.71 | 22,009.30 | 62,946.83 |
| MONTHLY PARKING | 1,355.37 | 1,326.57 | 1,284.52 | 3,966.46 |
| TOTAL REVENUE | <u>22,321.19</u> | <u>21,298.28</u> | <u>23,293.82</u> | 66,913.29 |

| | |
|--------------------------|------------------------|
| OVER-RIDE RENT DUE @ 70% | \$46,839.30 |
| RENT PREVIOUSLY PAID | <u>\$46,200.00</u> |
| RENT DUE | \$639.30 |
| BALANCE ENCLOSED | <u>\$639.30</u> |

FOR INFORMATION PLEASE CALL CITY MANAGER GREG SCHMIDT (808)662-0391
OR CONTACT GREG MATOUS, CONTROLLER AT (206) 284-3100

QUESTIONS? PLEASE CALL (800) 340-PARK. ASK FOR THE APPROPRIATE DEPARTMENT OR ASK FOR JON OR JOEL DIAMOND

0415 10M5 JL



Diamond Parking Services LLC. Home Office • 605 1st Ave., Suite 600 • Seattle, WA 98104-2224
 (206) 284-3100 • (800) 340-PARK • Fax (206) 285-5598

"Family Owned & Operated"

PROP OWNER : KA LUA O KIHA INC LOCATION: HM64
 LOCATION : 505 FRONT STREET VENDOR: 221341

QUARTERLY REPORT OF REVENUE FOR:
 APRIL 1, 2015 THROUGH JUNE 30, 2015

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|----------------------|------------------|------------------|------------------|------------------|
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FOR INFORMATION PLEASE CALL CITY MANAGER GREG SCHMIDT (808)662-0391
 OR CONTACT GREG MATOUS, CONTROLLER AT (206) 284-3100

0-115 JDM 8/11

QUESTIONS? PLEASE CALL (800) 340-PARK, ASK FOR THE APPROPRIATE DEPARTMENT OR ASK FOR JON OR JOEL DIAMOND

COPY

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 2009 or tax year beginning 7/1/2009, ending 6/30/2010
▶ See separate instructions.

OMB No. 1545-0123
2009

| | | | | |
|---|---|--|--|--|
| A Check if: | | Name | B Employer identification number | |
| 1a Consolidated return (attach Form 851) <input type="checkbox"/> | Use IRS label. Otherwise, print or type. | KA LUA O KIIHA, INC. | 20-4656092 | |
| b Life/nonlife consolidated return. <input type="checkbox"/> | | Number, street, and room or suite no. If a P.O. box, see instructions. | C Date incorporated | |
| 2 Personal holding co. (attach Sch. PH). <input type="checkbox"/> | | 505 FRONT STREET, SUITE 221 | 3/24/2006 | |
| 3 Personal service corp. (see instructions). <input type="checkbox"/> | | City or town State ZIP code | D Total assets (see instructions) | |
| 4 Schedule M-3 attached <input type="checkbox"/> | | LAHAINA HI 96761 | \$ 109,525 | |
| E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change | | | | |

| | | | | | | | |
|--|---|---------|-------------------------------|--|---------|--------|---------|
| Income | 1a Gross receipts or sales | 144,000 | b Less returns and allowances | | c Bal ▶ | 1c | 144,000 |
| | 2 Cost of goods sold (Schedule A, line 8) | | | | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | | | | 3 | 144,000 |
| | 4 Dividends (Schedule C, line 19) | | | | | 4 | |
| | 5 Interest | | | | | 5 | 38 |
| | 6 Gross rents | | | | | 6 | |
| | 7 Gross royalties | | | | | 7 | |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | | | | | 8 | |
| | 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | | | | 9 | |
| | 10 Other income (see instructions—attach schedule) | | | | | 10 | |
| | 11 Total income. Add lines 3 through 10 | | | | | 11 | 144,038 |
| Deductions (See instructions for limitations on deductions.) | 12 Compensation of officers (Schedule E, line 4) | | | | | 12 | |
| | 13 Salaries and wages (less employment credits) | | | | | 13 | 39,131 |
| | 14 Repairs and maintenance | | | | | 14 | 334 |
| | 15 Bad debts | | | | | 15 | |
| | 16 Rents | | | | | 16 | |
| | 17 Taxes and licenses | | | | | 17 | 12,267 |
| | 18 Interest | | | | | 18 | |
| | 19 Charitable contributions | | | | | 19 | 6,468 |
| | 20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562) | | | | | 20 | |
| | 21 Depletion | | | | | 21 | |
| | 22 Advertising | | | | | 22 | |
| | 23 Pension, profit-sharing, etc., plans | | | | | 23 | 3,913 |
| | 24 Employee benefit programs | | | | | 24 | |
| | 25 Domestic production activities deduction (attach Form 8903) | | | | | 25 | |
| | 26 Other deductions (attach schedule) | | | | | 26 | 23,712 |
| | 27 Total deductions. Add lines 12 through 26 | | | | | 27 | 85,825 |
| | 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | | | 28 | 58,213 |
| 29 Less: | a Net operating loss deduction (see instructions) | 29a | | | | 29c | |
| | b Special deductions (Schedule C, line 20) | 29b | | | | | |
| 30 Taxable income. Subtract line 29c from line 28 (see instructions) | | | | | 30 | 58,213 | |
| 31 Total tax (Schedule J, line 10) | | | | | 31 | 9,553 | |
| Tax, Refundable Credits, and Payments | 32a 2008 overpayment credited to 2009 | 32a | 6,255 | | | | |
| | b 2009 estimated tax payments | 32b | 11,500 | | | | |
| | c 2009 refund applied for on Form 4466 | 32c | | | d Bal ▶ | 32d | 17,755 |
| | e Tax deposited with Form 7004 | | | | | 32e | |
| | f Credits: (1) Form 2439 (2) Form 4136 | | | | | 32f | |
| | g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c | | | | | 32g | 17,755 |
| | 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | | | | | 33 | |
| 34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | | 34 | | |
| 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | | 35 | 8,202 | |
| 36 Enter amount from line 35 you want: Credited to 2010 estimated tax ▶ 3,000 Refunded ▶ | | | | | 36 | 5,202 | |

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.

Sign Here ▶ Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

| | | | | | | | |
|---------------------------------|--|--|------|------------|--|--|-------------|
| Paid Preparer's Use Only | Preparer's signature | <i>Christine Riecke-Gonzales</i> | Date | 11/22/2010 | Check if self-employed <input checked="" type="checkbox"/> | Preparer's SSN or PTIN | 575-72-2863 |
| | Firm's name (or yours if self-employed), address, and ZIP code | CHRISTINE RIECKE-GONZALES, CPA, LLC 77 APALAPANI LANE HAIKU HI 96708 | | | EIN | Phone no. (808) 575-2181 ZIP code 96708 | |

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 schedule) | 4 | | |
| 5 Other costs (attach schedule) | 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

(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) % | (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 instruct. | |
| 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 Total. 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 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶ | | | |
| 20 Total special deductions. 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.

| (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 | |
| 1 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 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 | 9,553 |
| 3 | Alternative minimum tax (attach Form 4626) | | 3 | |
| 4 | Add lines 2 and 3 | | 4 | 9,553 |
| 5a | Foreign tax credit (attach Form 1118) | | 5a | |
| b | Credit from Form 8834 | | 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 | Total credits. Add lines 5a through 5e | | 6 | |
| 7 | Subtract line 6 from line 4 | | 7 | 9,553 |
| 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 (attach schedule) | 9 | |
| 10 | Total tax. Add lines 7 through 9. Enter here and on page 1, line 31 | | 10 | 9,553 |

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. ▶ | 531310 | | | | | |
| b | Business activity ▶ | MGT & SUPPORT SERVICES | | | | | |
| c | Product or service ▶ | SITE AND FACILITIES | | | | | |
| 3 | Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? | | | | | | X |
| | If "Yes," enter name and EIN of the parent corporation ▶ | | | | | | |
| 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: | | | | | Yes | No |
| 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. | | | | | | X |
| | If "Yes," complete (i) through (iv). | | | | | | |

| (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 |
|--|---|

| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Country of Organization | (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.

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 ▶
 (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 ▶ \$

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1

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.) ▶ \$

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 of property distributions (other than cash) made during the tax year. ▶ \$

| | |
|---|---|
| | X |
| | X |
| | |
| | |
| | |
| | |
| X | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|---|-----------------------|--------|-----------------|---------|
| Assets | | (a) | (b) | (c) | (d) |
| 1 | Cash | | 72,749 | | 96,722 |
| 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 schedule) | | 8,490 | | 12,803 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | | | | |
| 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) | | | | |
| 15 | Total assets | | 81,239 | | 109,525 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 1,271 | | 5,916 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach schedule) | | 6,170 | | 6,124 |
| 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 | 100 | 100 | 100 | 100 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings—Appropriated (attach schedule) | | | | |
| 25 | Retained earnings—Unappropriated | | 73,698 | | 97,385 |
| 26 | Adjustments to shareholders' equity (attach schedule) | | | | |
| 27 | Less cost of treasury stock | | | | |
| 28 | Total liabilities and shareholders' equity | | 81,239 | | 109,525 |

| 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 | 23,687 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 9,553 | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year (itemize): | | | | |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | | 8 | Deductions on this return not charged against book income this year (itemize): | |
| a | Depreciation \$ | | a | Depreciation \$ | |
| b | Charitable contributions \$ | 23,532 | b | Charitable contributions \$ | |
| c | Travel and entertainment \$ | | | | |
| | ACCRUED VACATION | 1,441 | | | |
| | | 24,973 | 9 | Add lines 7 and 8 | |
| 6 | Add lines 1 through 5 | 58,213 | 10 | Income (page 1, line 28)—line 6 less line 9 | 58,213 |

| Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) | | | | | |
|--|--|--------|---|---|--------|
| 1 | Balance at beginning of year | 73,698 | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | 23,687 | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | | 7 | Add lines 5 and 6 | |
| 4 | Add lines 1, 2, and 3 | 97,385 | 8 | Balance at end of year (line 4 less line 7) | 97,385 |

COPY

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 2010 or tax year beginning 7/1/2010, ending 6/30/2011
▶ See separate instructions.

OMB No. 1545-0123
2010

| | | | |
|---|----------------------|---|--|
| A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/> | Print or type | Name KA LUA O KIHA, INC. | B Employer identification number 20-4656092 |
| | | Number, street, and room or suite no. If a P.O. box, see instructions. 505 FRONT STREET, SUITE 221 | C Date incorporated 3/24/2006 |
| | | City or town State ZIP code LAHAINA HI 96761 | D Total assets (see instructions) \$ 59,454 |
| | | E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change | |

| | | | | | |
|---|--|--------------------------------------|----------------|----------------|----------------|
| Income | 1a Gross receipts or sales 144,000 | b Less returns and allowances | c Bal ▶ | 1c | 144,000 |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | 144,000 |
| | 4 Dividends (Schedule C, line 19) | | | 4 | |
| | 5 Interest | | | 5 | 91 |
| | 6 Gross rents | | | 6 | |
| | 7 Gross royalties | | | 7 | |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | | | 8 | |
| | 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | | 9 | |
| | 10 Other income (see instructions—attach schedule) | | | 10 | |
| | 11 Total income. Add lines 3 through 10 | | | 11 | 144,091 |
| Deductions (See instructions for limitations on deductions.) | 12 Compensation of officers (Schedule E, line 4) | | | 12 | |
| | 13 Salaries and wages (less employment credits) | | | 13 | 37,749 |
| | 14 Repairs and maintenance | | | 14 | 239 |
| | 15 Bad debts | | | 15 | |
| | 16 Rents | | | 16 | |
| | 17 Taxes and licenses | | | 17 | 12,418 |
| | 18 Interest | | | 18 | |
| | 19 Charitable contributions | | | 19 | 6,345 |
| | 20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562) | | | 20 | |
| | 21 Depletion | | | 21 | |
| | 22 Advertising | | | 22 | |
| | 23 Pension, profit-sharing, etc., plans | | | 23 | 3,775 |
| | 24 Employee benefit programs | | | 24 | |
| | 25 Domestic production activities deduction (attach Form 8903) | | | 25 | |
| | 26 Other deductions (attach schedule) | | | 26 | 26,464 |
| | 27 Total deductions. Add lines 12 through 26 | | | 27 | 86,990 |
| | 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | 28 | 57,101 |
| | 29 Less: a Net operating loss deduction (see instructions) | 29a | | | |
| | b Special deductions (Schedule C, line 20) | 29b | | 29c | 0 |
| 30 Taxable income. Subtract line 29c from line 28 (see instructions) | | | 30 | 57,101 | |
| 31 Total tax (Schedule J, line 10) | | | 31 | 9,275 | |
| Tax, Refundable Credits, and Payments | 32a 2009 overpayment credited to 2010 | 32a | 3,000 | | |
| | b 2010 estimated tax payments | 32b | 7,900 | | |
| | c 2010 refund applied for on Form 4466 | 32c | () | d Bal ▶ | 32d |
| | e Tax deposited with Form 7004 | | | | 32e |
| | f Credits: (1) Form 2439 (2) Form 4136 | | | | 32f |
| | g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c | | | | 32g |
| | 32h | | | | 10,900 |
| | 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached | | | | 33 |
| 34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | 34 | |
| 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | 35 | |
| 36 Enter amount from line 35 you want: Credited to 2011 estimated tax ▶ 1,625 Refunded ▶ 0 | | | | 36 | |

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.

Sign Here

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

| | | | | | |
|-------------------------------|--|--|---------------------------|---|--------------------------|
| Paid Preparer Use Only | Print/Type preparer's name CHRISTINE RIECKE-GO | Preparer's signature <i>Christine Riecke-Gonzales</i> | Date 12/12/2011 | Check <input type="checkbox"/> if self-employed | PTIN P01337993 |
| | Firm's name ▶ CHRISTINE RIECKE-GONZALES, CPA, LLC | Firm's EIN 27-2409011 | | Phone no. (808) 575-2181 | |
| | Firm's address ▶ 77 APALAPANI LANE | City HAIKU State HI | | ZIP code 96708 | |
| | | | | | |

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 schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | 0 |
| 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 | 0 |

- 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) % | (c) Special deductions (a) x (b) |
|----|--|---------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | 70 | 0 |
| 2 | Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | 80 | 0 |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations | see instruct. | 0 |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | 42 | 0 |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | 48 | 0 |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs | 70 | 0 |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs | 80 | 0 |
| 8 | Dividends from wholly owned foreign subsidiaries | 100 | 0 |
| 9 | Total. Add lines 1 through 8. See instructions for limitation | | 0 |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | 100 | 0 |
| 11 | Dividends from affiliated group members | 100 | 0 |
| 12 | Dividends from certain FSCs | 100 | 0 |
| 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 | Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶ | 0 | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶ | | 0 |

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.

| | (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 | |
| 1 | | | % | % | % | 0 |
| | | | % | % | % | 0 |
| | | | % | % | % | 0 |
| | | | % | % | % | 0 |
| | | | % | % | % | 0 |
| 2 | Total compensation of officers | | | | | 0 |
| 3 | Compensation of officers claimed on Schedule A and elsewhere on return | | | | | 0 |
| 4 | Subtract line 3 from line 2. Enter the result here and on page 1, line 12 | | | | | 0 |

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 | 9,275 |
| 3 | Alternative minimum tax (attach Form 4626) | | 3 | |
| 4 | Add lines 2 and 3 | | 4 | 9,275 |
| 5a | Foreign tax credit (attach Form 1118) | | 5a | |
| 5b | Credit from Form 8834, line 29 | | 5b | |
| 5c | General business credit (attach Form 3800) | | 5c | |
| 5d | Credit for prior year minimum tax (attach Form 8827) | | 5d | |
| 5e | Bond credits from Form 8912 | | 5e | |
| 6 | Total credits. Add lines 5a through 5e | | 6 | 0 |
| 7 | Subtract line 6 from line 4 | | 7 | 9,275 |
| 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 (attach schedule) | | 9 | |
| 10 | Total tax. Add lines 7 through 9. Enter here and on page 1, line 31 | | 10 | 9,275 |

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. ▶ 531310 | | |
| b | Business activity ▶ MGT & SUPPORT SERVICES | | |
| c | Product or service ▶ SITE AND FACILITIES | | |
| 3 | Is the corporation a subsidiary in an affiliated group or a parent-subsiary 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).

| | |
|-----|----|
| Yes | No |
| | X |

| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Country of Organization | (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.

| | |
|-----|----|
| Yes | No |
| | X |

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 ▶ _____
(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 ▶ _____

| | |
|-----|----|
| Yes | No |
| | X |

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 ▶ \$ _____

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1

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.) ▶ \$ _____

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 of property distributions (other than cash) made during the tax year. ▶ \$ _____

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

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|---|-----------------------|---------|-----------------|--------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 96,722 | | 56,122 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | 0 | () | 0 |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach schedule) | | 12,803 | | 3,332 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | 0 | () | 0 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | 0 | () | 0 |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | 0 | () | 0 |
| 14 | Other assets (attach schedule) | | | | |
| 15 | Total assets | | 109,525 | | 59,454 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 5,916 | | 1,508 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach schedule) | | 6,124 | | 7,438 |
| 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 | 100 | 100 | 100 | 100 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings—Appropriated (attach schedule) | | | | |
| 25 | Retained earnings—Unappropriated | | 97,385 | | 50,408 |
| 26 | Adjustments to shareholders' equity (attach schedule) | | | | |
| 27 | Less cost of treasury stock | () | | () | |
| 28 | Total liabilities and shareholders' equity | | 109,525 | | 59,454 |

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 | -46,977 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 9,291 | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year (itemize): | | | | 0 |
| | | 0 | 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 contributions \$ | |
| b | Charitable contributions \$ | 93,655 | | | |
| c | Travel and entertainment \$ | | | | |
| | Accrued Vacation | 1,132 | | | 0 |
| | | 94,787 | 9 | Add lines 7 and 8 | 0 |
| 6 | Add lines 1 through 5 | 57,101 | 10 | Income (page 1, line 28)—line 6 less line 9 | 57,101 |

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

| | | | | | |
|---|------------------------------|---------|---|---|--------|
| 1 | Balance at beginning of year | 97,385 | 5 | Distributions: | |
| 2 | Net income (loss) per books | -46,977 | a | Cash | |
| 3 | Other increases (itemize): | | b | Stock | |
| | | | c | Property | |
| | | | 6 | Other decreases (itemize): | |
| | | 0 | | | |
| 4 | Add lines 1, 2, and 3 | 50,408 | 7 | Add lines 5 and 6 | 0 |
| | | | 8 | Balance at end of year (line 4 less line 7) | 50,408 |

Line 26 (1120) - Other Deductions

| | | | |
|----|---|----|--------|
| 1 | High Speed Internet | 1 | 506 |
| 2 | Telephone | 2 | 2,856 |
| 3 | Office and Computer Supplies | 3 | 735 |
| 4 | Dues and Subscriptions | 4 | 104 |
| 5 | Common Area Maintenance Fees | 5 | 3,634 |
| 6 | Utilities | 6 | 2,222 |
| 7 | Insurance | 7 | 1,936 |
| 8 | Professional Fees | 8 | 14,364 |
| 9 | Postage | 9 | 101 |
| 10 | Mileage Reimbursement | 10 | 6 |
| 11 | Total other deductions | 11 | 26,464 |
| 12 | Total deductions less expenses for offsetting credits | 12 | 26,464 |

Line 6, Sch L (1120) - Other Current Assets

| | | Beginning | End |
|---|------------------------------------|-----------|-------|
| 1 | PREPAID INSURANCE | 347 | 336 |
| 2 | PREPAID INCOME TAXES | 10,956 | 2,996 |
| 3 | DUE FROM FRIENDS OF MOKU'ULA, INC. | 1,500 | |
| 4 | Total other current assets | 12,803 | 3,332 |

Line 18, Sch L (1120) - Other Current Liabilities

| | | Beginning | End |
|---|---------------------------------|-----------|-------|
| 1 | ACCRUED PAYROLL TAXES | 1,145 | 1,315 |
| 2 | ACCRUED VACATION | 4,039 | 5,171 |
| 3 | ACCRUED PENSION | 940 | 952 |
| 4 | Total other current liabilities | 6,124 | 7,438 |

Line 19 (1120) - Charitable Contributions

| | (A) Amount | (B) Adjustment under Section 170(d)(2)(B) | (C) Deduction Allowed in Current Year | (D) Contribution Carryover |
|--|----------------|--|--|----------------------------------|
| 1 Contribution for current year: | | | | |
| a Direct contribution 100,000 | | | | |
| b From partnerships 0 | 100,000 | 0 | 6,345 | 93,655 |
| 2 Carryover from: | | | | |
| a 5th preceding period 2a | 136 | | 0 | 136 |
| b 4th preceding period 2b | 23,737 | | 0 | 23,737 |
| c 3rd preceding period 2c | 67,016 | | 0 | 67,016 |
| d 2nd preceding period 2d | 32,646 | | 0 | 32,646 |
| e 1st preceding period 2e | 23,532 | | 0 | 23,532 |
| 3 Totals 3 | 247,067 | 0 | 6,345 | 240,722 |
| 4 Carryover to expire next year due to 5 year limitation 4 | | | | 136 |
| 5 Total contribution carryover to next year 5 | | | | 240,586 |

Computation of Section 179 Deduction for Estimated Charitable Contribution

| | |
|---|--------|
| 6 Taxable Income computed without contribution deduction or Section 179 6 | 63,446 |
| 7 Section 179 deduction for purposes of contribution limitation 7 | 0 |
| 8 Taxable income less Section 179 deduction. Subtract line 7 from line 6 8 | 63,446 |
| 9 Maximum contribution limitation. Enter 10% of line 8 9 | 6,345 |
| 10 Contribution deduction considering Section 179 limitation. Smaller of line 3, col A minus lines 2a through 2e, col B or line 9 10 | 6,345 |

Computation of Actual Charitable Contribution

| | |
|---|--------|
| 11 Actual Section 179 deduction 11 | 0 |
| 12 Taxable income less actual Section 179 deduction. Subtract line 11 from line 6 12 | 63,446 |
| 13 Net operating loss deductions limited by line 12 13 | 0 |
| 14 Taxable income for purposes of contribution deduction. Subtract line 13 from line 12 14 | 63,446 |
| 15 Maximum contribution limitation. Enter 10% of line 14 15 | 6,345 |
| 16 Actual contribution deduction. Smaller of line 3, col A minus lines 2a through 2e, col B or line 15 16 | 6,345 |

Computation of Qualified Conservation Property Contributions by Farmers and Ranchers

| | |
|---|---|
| 17 Carryover of 100% contribution from 2009 17 | 0 |
| 18 Enter the amount of qualified conservation property contributions <i>Do not include any amount entered in line 1(A) above</i> | |
| Direct contribution | |
| From partnerships 0 | 0 |
| 19 Net 100% contribution available for current year 19 | 0 |
| 20 Taxable income for purposes of 100% contribution deduction. Subtract line 16 from line 14 20 | 0 |
| 21 100% contribution deduction for current year. Enter the smaller of line 19 or line 20 21 | 0 |
| 22 Carryover of 100% contribution to 2011. Subtract line 20 from line 19 22 | 0 |

Part I - Contribution carryover, NOL carryover, and Taxable income without contribution deduction

| | |
|---|---------|
| 1 2010 taxable income without contributions deduction 1 | 63,446 |
| 2 Contribution deduction available in 2010 2 | 247,067 |
| 3 Prior year NOL carryover to 2010 3 | 0 |

Part II - Determination of 2010 contributions converted to NOL under Section 170(d)(2)(B)

| | |
|--|--------|
| 1 Taxable Income computed without contribution deduction 1 | 63,446 |
| 2 Net operating loss deductions. (NOL cannot exceed Part II, line 1) 2 | 0 |
| 3 Taxable income for purposes of contribution deduction. Subtract line 2 from line 1 3 | 63,446 |
| 4 Maximum contribution (10% of line 1 when NOL is not applied to taxable income computed without contribution deductions) 4 | 0 |
| 5 Actual contribution deduction allowed. Enter line 16 above 5 | 6,345 |
| 6 Current year's Section 170(d)(2)(B) contribution deduction converted to NOL. Subtract line 5 from line 4 but do not enter more than the current year contribution less the actual contribution deduction 6 | 0 |

Part III - Determination of 2010 contribution carryover to next year under Section 170(d)(2)(B)

| | |
|--|----------------|
| 1 Contribution deduction available in 2010. Enter Part I, line 2 above 1 | 247,067 |
| 2 Contribution deducted for the tax year ending 2010. Enter line 16 above 2 | 6,345 |
| 3 Current year's Section 170(d)(2)(B) contribution deduction converted to NOL. Enter Part II, line 6 above 3 | 0 |
| 4 Carryover to expire next year due to 5 year limitation. Enter Column D, line 4 above 4 | 136 |
| 5 Total contribution carryover to next year. Subtract lines 2, 3, and 4 from line 1 5 | 240,586 |

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

OMB No. 1545-0233

▶ **File a separate application for each return.**
▶ **See separate instructions.**

| | | |
|--|--|--------------------|
| Type or Print | Name | Identifying number |
| | KA LUA O KIHA, INC. | 20-4656092 |
| | Number, street, and room or suite no. (If P.O. box, see instructions.) | |
| File by the due date for the return for which an extension is requested. See instructions. | 505 FRONT STREET, SUITE 221 | |
| | City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). | |
| | LAHAINA | HI 96761 |

Note. See instructions before completing this form.

Part I Automatic 5-Month Extension Complete if Filing Form 1065, 1041, or 8804

1a Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|---------------------|-----------|---------------------|-----------|
| Form 1065 | 09 | Form 1041 (estate) | 04 |
| Form 8804 | 31 | Form 1041 (trust) | 05 |

Part II Automatic 6-Month Extension Complete if Filing Other Forms

b Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|-----------------------------------|-----------|---------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-PC | 21 |
| Form 706-GS(T) | 02 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120-S | 25 |
| Form 1065-B | 10 | Form 1120-SF | 26 |
| Form 1066 | 11 | Form 3520-A | 27 |
| Form 1120 | 12 | Form 8612 | 28 |
| Form 1120-C | 34 | Form 8613 | 29 |
| Form 1120-F | 15 | Form 8725 | 30 |
| Form 1120-FSC | 16 | Form 8831 | 32 |
| Form 1120-H | 17 | Form 8876 | 33 |
| Form 1120-L | 18 | Form 8924 | 35 |
| Form 1120-ND | 19 | Form 8928 | 36 |
| Form 1120-ND (section 4951 taxes) | 20 | | |

- 2** If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3** If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here . . .

5a The application is for calendar year 20, or tax year beginning 7/1, 20 10, and ending 6/30, 20 11

b Short tax year. If this tax year is less than 12 months, check the reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

| | | |
|--|---|--------|
| 6 Tentative total tax | 6 | 9,275 |
| 7 Total payments and credits (see instructions) | 7 | 10,900 |
| 8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) | 8 | 0 |

U.S. Corporation Income Tax Return
 For calendar year 2011 or tax year beginning 7/1/2011, ending 6/30/2012
 ▶ See separate instructions.

COPY

| | | | | | | | | | | | |
|--|--|----------------------|-----------------------------|--|---|--|---|---|---|---|---|
| A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/> | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:10%;">TYPE OR PRINT</td> <td>Name KA LUA O KIHA, INC.</td> </tr> <tr> <td></td> <td>Number, street, and room or suite no. If a P.O. box, see instructions. 505 FRONT STREET, SUITE 221</td> </tr> <tr> <td></td> <td>City or town State ZIP code LAHAINA HI 96761</td> </tr> </table> | TYPE OR PRINT | Name KA LUA O KIHA, INC. | | Number, street, and room or suite no. If a P.O. box, see instructions. 505 FRONT STREET, SUITE 221 | | City or town State ZIP code LAHAINA HI 96761 | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>B Employer identification number 20-4656092</td> </tr> <tr> <td>C Date incorporated 3/24/2006</td> </tr> <tr> <td>D Total assets (see instructions) \$ 27,180</td> </tr> </table> | B Employer identification number 20-4656092 | C Date incorporated 3/24/2006 | D Total assets (see instructions) \$ 27,180 |
| TYPE OR PRINT | Name KA LUA O KIHA, INC. | | | | | | | | | | |
| | Number, street, and room or suite no. If a P.O. box, see instructions. 505 FRONT STREET, SUITE 221 | | | | | | | | | | |
| | City or town State ZIP code LAHAINA HI 96761 | | | | | | | | | | |
| B Employer identification number 20-4656092 | | | | | | | | | | | |
| C Date incorporated 3/24/2006 | | | | | | | | | | | |
| D Total assets (see instructions) \$ 27,180 | | | | | | | | | | | |
| E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change | | | | | | | | | | | |

| | | | | |
|--|--|-----------|---------|--|
| | 1a Merchant card and third-party payments. For 2011, enter -0- | 1a | 0 | |
| | b Gross receipts or sales not reported on line 1a (see instructions) | 1b | 144,000 | |
| | c Total. Add lines 1a and 1b | 1c | 144,000 | |
| | d Returns and allowances plus any other adjustments (see instructions) | 1d | | |
| | e Subtract line 1d from line 1c | 1e | 144,000 | |
| Income | 2 Cost of goods sold from Form 1125-A, line 8 (attach Form 1125-A) | 2 | | |
| | 3 Gross profit. Subtract line 2 from line 1e | 3 | 144,000 | |
| | 4 Dividends (Schedule C, line 19) | 4 | | |
| | 5 Interest | 5 | 31 | |
| | 6 Gross rents | 6 | | |
| | 7 Gross royalties | 7 | | |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | 8 | | |
| | 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) | 9 | | |
| | 10 Other income (see instructions—attach schedule) | 10 | | |
| | 11 Total income. Add lines 3 through 10 | 11 | 144,031 | |
| Deductions (See instructions for limitations on deductions.) | 12 Compensation of officers from Form 1125-E, line 4 (attach Form 1125-E) | 12 | | |
| | 13 Salaries and wages (less employment credits) | 13 | 41,437 | |
| | 14 Repairs and maintenance | 14 | 788 | |
| | 15 Bad debts | 15 | | |
| | 16 Rents | 16 | | |
| | 17 Taxes and licenses | 17 | 12,586 | |
| | 18 Interest | 18 | | |
| | 19 Charitable contributions | 19 | 6,035 | |
| | 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) | 20 | | |
| | 21 Depletion | 21 | | |
| | 22 Advertising | 22 | | |
| | 23 Pension, profit-sharing, etc., plans | 23 | 3,971 | |
| | 24 Employee benefit programs | 24 | | |
| | 25 Domestic production activities deduction (attach Form 8903) | 25 | | |
| | 26 Other deductions (attach schedule) | 26 | 24,901 | |
| | 27 Total deductions. Add lines 12 through 26 | 27 | 89,718 | |
| | 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | 28 | 54,313 | |
| 29a Net operating loss deduction (see instructions) | 29a | | | |
| b Special deductions (Schedule C, line 20) | 29b | | | |
| c Add lines 29a and 29b | 29c | 0 | | |
| Tax, Refundable Credits, and Payments | 30 Taxable income. Subtract line 29c from line 28 (see instructions) | 30 | 54,313 | |
| | 31 Total tax (Schedule J, Part I, line 11) | 31 | 8,578 | |
| | 32 Total payments and refundable credits (Schedule J, Part II, line 21) | 32 | 9,625 | |
| | 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | 33 | | |
| | 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed | 34 | 0 | |
| | 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid | 35 | 1,047 | |
| 36 Enter amount from line 35 you want: Credited to 2012 estimated tax <input checked="" type="checkbox"/> 1,047 Refunded <input type="checkbox"/> | 36 | 0 | | |

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.

Sign Here

| | | |
|----------------------------|------------|-------------|
| Signature of officer _____ | Date _____ | Title _____ |
|----------------------------|------------|-------------|

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

| | | | | | |
|-------------------------------|---|--|------------------|--|-------------------|
| Paid Preparer Use Only | Print/Type preparer's name CHRISTINE RIECKE-GO | Preparer's signature <i>Christine Riecke-Gonzales</i> | Date 3/4/2013 | Check <input checked="" type="checkbox"/> if self-employed | PTIN P01337993 |
| | Firm's name ▶ CHRISTINE RIECKE-GONZALES, CPA, LLC | | | Firm's EIN ▶ 27-2409011 | |
| | Firm's address ▶ 77 APALAPANI LANE | | | Phone no. (808) 575-2181 | |
| | City HAIKU | | State HI | | ZIP code 96708 |

| Schedule C Dividends and Special Deductions (see instructions) | | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|---|--|------------------------|------------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | | 70 | 0 |
| 2 | Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | | 80 | 0 |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations | | see instructions | 0 |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | 0 |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | 0 |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs | | 70 | 0 |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs | | 80 | 0 |
| 8 | Dividends from wholly owned foreign subsidiaries | | 100 | 0 |
| 9 | Total. Add lines 1 through 8. See instructions for limitation | | | 0 |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | 0 |
| 11 | Dividends from affiliated group members | | 100 | 0 |
| 12 | Dividends from certain FSCs | | 100 | 0 |
| 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 | Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 | 0 | | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b | | | 0 |

Schedule J Tax Computation and Payment (see instructions)

Part I—Tax Computation

| | | | | |
|----|--|----|----|-------|
| 1 | Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) | | | |
| 2 | Income tax. Check if a qualified personal service corporation (see instructions) | | 2 | 8,578 |
| 3 | Alternative minimum tax (attach Form 4626) | | 3 | |
| 4 | Add lines 2 and 3 | | 4 | 8,578 |
| 5a | Foreign tax credit (attach Form 1118) | 5a | | |
| b | Credit from Form 8834, line 30 (attach Form 8834) | 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 | Total credits. Add lines 5a through 5e | | 6 | 0 |
| 7 | Subtract line 6 from line 4 | | 7 | 8,578 |
| 8 | Personal holding company tax (attach Schedule PH (Form 1120)) | | 8 | |
| 9a | Recapture of investment credit (attach Form 4255) | 9a | | |
| b | Recapture of low-income housing credit (attach Form 8611) | 9b | | |
| c | Interest due under the look-back method—completed long-term contracts (attach Form 8697) | 9c | | |
| d | Interest due under the look-back method—income forecast method (attach Form 8866) | 9d | | |
| e | Alternative tax on qualifying shipping activities (attach Form 8902) | 9e | | |
| f | Other (see instructions—attach schedule) | 9f | | |
| 10 | Total. Add lines 9a through 9f | | 10 | 0 |
| 11 | Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31. | | 11 | 8,578 |

Part II—Payments and Refundable Credits

| | | | | |
|----|--|-----|----|-------|
| 12 | 2010 overpayment credited to 2011 | | 12 | 1,625 |
| 13 | 2011 estimated tax payments | | 13 | 8,000 |
| 14 | 2011 refund applied for on Form 4466 | | 14 | () |
| 15 | Combine lines 12, 13, and 14 | | 15 | 9,625 |
| 16 | Tax deposited with Form 7004 | | 16 | |
| 17 | Withholding (see instructions) | | 17 | |
| 18 | Total payments. Add lines 15, 16, and 17 | | 18 | 9,625 |
| 19 | Refundable credits from: | | | |
| a | Form 2439 | 19a | | |
| b | Form 4136 | 19b | | |
| c | Form 3800, line 17c and Form 8827, line 8c | 19c | | |
| d | Other (attach schedule—see instructions) | 19d | | |
| 20 | Total credits. Add lines 19a through 19d | | 20 | 0 |
| 21 | Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32. | | 21 | 9,625 |

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. ▶ 531310 | | |
| b | Business activity ▶ MGT & SUPPORT SERVICES | | |
| c | Product or service ▶ SITE AND FACILITIES | | |
| 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 |

Schedule K Other Information *continued* (see instructions)

| | Yes | No |
|--|-----|----|
| 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) below. | | X |

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

| | | |
|---|--|---|
| 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) below. | | X |
|---|--|---|

| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Country of Organization | (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 |
| 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 ▶ (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 ▶ | | X |
| 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. ▶ <input type="checkbox"/> | | |
| 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ | | |
| 10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1 | | |
| 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. ▶ <input type="checkbox"/> 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.) ▶ \$ | | |
| 13 Are the corporation's total receipts (line 1c 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 of property distributions (other than cash) made during the tax year. ▶ \$ 0 | X | |
| 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 |
| 15a Did the corporation make any payments in 2011 that would require it to file Form(s) 1099 (see instructions)? | X | |
| b If "Yes," did or will the corporation file all required Forms 1099? | X | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|---|-----------------------|---------------|-----------------|---------------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 56,122 | | 25,630 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | 0 | () | 0 |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach schedule) | | 3,332 | | 1,550 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | 0 | () | 0 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | 0 | () | 0 |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | 0 | () | 0 |
| 14 | Other assets (attach schedule) | | | | |
| 15 | Total assets | | 59,454 | | 27,180 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 1,508 | | 1,794 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach schedule) | | 7,438 | | 8,860 |
| 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 | 100 | 100 | 100 | 100 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings—Appropriated (attach schedule) | | | | |
| 25 | Retained earnings—Unappropriated | | 50,408 | | 16,426 |
| 26 | Adjustments to shareholders' equity (attach schedule) | | | | |
| 27 | Less cost of treasury stock | | () | | () |
| 28 | Total liabilities and shareholders' equity | | 59,454 | | 27,180 |

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 | -33,982 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 8,578 | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year (itemize): | | | | 0 |
| | | 0 | | | |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | | 8 | Deductions on this return not charged against book income this year (itemize): | |
| a | Depreciation \$ | | a | Depreciation \$ | |
| b | Charitable contributions \$ | 79,965 | b | Charitable contributions \$ | |
| c | Travel and entertainment \$ | | | Accrued Vacation | 248 |
| | | | | | |
| | | 79,965 | | | 248 |
| 6 | Add lines 1 through 5 | 54,561 | 9 | Add lines 7 and 8 | 248 |
| | | | 10 | Income (page 1, line 28)—line 6 less line 9 | 54,313 |

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

| | | | | | |
|---|------------------------------|---------|---|---|--------|
| 1 | Balance at beginning of year | 50,408 | 5 | Distributions: | |
| 2 | Net income (loss) per books | -33,982 | a | Cash | |
| 3 | Other increases (itemize): | | b | Stock | |
| | | | c | Property | |
| | | | 6 | Other decreases (itemize): | |
| | | 0 | | | |
| 4 | Add lines 1, 2, and 3 | 16,426 | 7 | Add lines 5 and 6 | 0 |
| | | | 8 | Balance at end of year (line 4 less line 7) | 16,426 |

Line 26 (1120) - Other Deductions

| | | | |
|----|---|----|--------|
| 1 | High Speed Internet | 1 | 506 |
| 2 | Telephone, Facsimile, and Cellular Phone | 2 | 2,617 |
| 3 | Office and Computer Supplies | 3 | 1,012 |
| 4 | Dues and Subscriptions | 4 | 121 |
| 5 | Common Area Maintenance Fees | 5 | 4,474 |
| 6 | Utilities | 6 | 2,908 |
| 7 | Insurance | 7 | 1,988 |
| 8 | Professional Fees | 8 | 11,109 |
| 9 | Postage | 9 | 166 |
| 10 | Total other deductions | 10 | 24,901 |
| 11 | Total deductions less expenses for offsetting credits | 11 | 24,901 |

Line 6, Sch L (1120) - Other Current Assets

| | | Beginning | End |
|---|----------------------------|-----------|-------|
| 1 | Prepaid Insurance | 336 | 336 |
| 2 | Prepaid Income Taxes | 2,996 | 1,214 |
| 3 | Total other current assets | 3,332 | 1,550 |

Line 18, Sch L (1120) - Other Current Liabilities

| | | Beginning | End |
|---|---------------------------------|-----------|-------|
| 1 | Accrued Payroll Taxes | 1,315 | 2,674 |
| 2 | Accrued Vacation | 5,171 | 4,923 |
| 3 | Accrued Pension | 952 | 1,263 |
| 4 | Total other current liabilities | 7,438 | 8,860 |

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

► **File a separate application for each return.**
► **See separate instructions.**

**Print
or
Type**

| | |
|--|--------------------|
| Name | Identifying number |
| KA LUA O KIHA, INC. | 20-4656092 |
| Number, street, and room or suite no. (If P.O. box, see instructions.) | |
| 505 FRONT STREET, SUITE 221 | |
| City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). | |
| LAHAINA | HI 96761 |

Note. File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.

Part I Automatic 5-Month Extension

1a Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|---------------------|-----------|---|-----------|
| Form 1065 | 09 | Form 1041 (estate other than a bankruptcy estate) | 04 |
| Form 8804 | 31 | Form 1041 (trust) | 05 |

Part II Automatic 6-Month Extension

b Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|------------------------------------|-----------|-----------------------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 706-GS(T) | 02 | Form 1120-PC | 21 |
| Form 1041 (bankruptcy estate only) | 03 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120S | 25 |
| Form 1065-B | 10 | Form 1120-SF | 26 |
| Form 1066 | 11 | Form 3520-A | 27 |
| Form 1120 | 12 | Form 8612 | 28 |
| Form 1120-C | 34 | Form 8613 | 29 |
| Form 1120-F | 15 | Form 8725 | 30 |
| Form 1120-FSC | 16 | Form 8831 | 32 |
| Form 1120-H | 17 | Form 8876 | 33 |
| Form 1120-L | 18 | Form 8924 | 35 |
| Form 1120-ND | 19 | Form 8928 | 36 |

- 2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here

5a The application is for calendar year 20 , or tax year beginning 7/1 , 20 11 , and ending 6/30 , 20 12

b **Short tax year.** If this tax year is less than 12 months, check the reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

| | | |
|--|---|-------|
| 6 Tentative total tax | 6 | 8,578 |
| 7 Total payments and credits (see instructions) | 7 | 9,625 |
| 8 Balance due. Subtract line 7 from line 6 (see instructions) | 8 | 0 |



Diamond Parking Services LLC. Home Office • 605 1st Ave., Suite 600 - Seattle, WA 98101-2221

(206) 284-3100 • (800) 340-PARK • Fax (206) 285-5598

"Family Owned & Operated"

PROP OWNER : KA LUA O KIHA INC LOCATION: HM64
LOCATION : 505 FRONT STREET VENDOR: 221341

QUARTERLY REPORT OF REVENUE FOR:
JANUARY 1, 2014 THROUGH MARCH 31, 2014

Table with 5 columns: Category, JANUARY, FEBRUARY, MARCH, QUARTERLY TOTAL. Rows include DAILY PARKING, MONTHLY PARKING, and TOTAL REVENUE.

Table with 2 columns: Description, Amount. Rows include OVER-RIDE RENT DUE @ 70%, RENT PREVIOUSLY PAID, RENT DUE, and BALANCE ENCLOSED.

FOR INFORMATION PLEASE CALL CITY MANAGER GREG SCHMIDT (808)662-0391
OR CONTACT GREG MATOUS, CONTROLLER AT (206) 284-3100

QUESTIONS? PLEASE CALL (800) 340-PARK, ASK FOR THE APPROPRIATE DEPARTMENT

Form **1120**

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2012 or tax year beginning 7/1/2012, ending 6/30/2013

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

OMB No. 1545-0123

2012

| | | | |
|---|----------------------|---|---|
| A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/> | TYPE OR PRINT | Name KA LUA O KIIHA, INC. | B Employer identification number 20-4656092 |
| | | Number, street, and room or suite no. If a P.O. box, see instructions. 505 FRONT STREET, SUITE 221 | C Date incorporated 3/24/2006 |
| | | City or town State ZIP code LAHAINA HI 96761 | D Total assets (see instructions) \$ 51,764 |
| | | E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change | |

| | | | |
|---|---|-------------------|-------------------|
| Income | 1a Gross receipts or sales | 1a 144,000 | |
| | b Returns and allowance | 1b | |
| | c Balance. Subtract line 1b from line 1a | | 1c 144,000 |
| | 2 Cost of goods sold (attach Form 1125-A) | | 2 |
| | 3 Gross profit. Subtract line 2 from line 1c | | 3 144,000 |
| | 4 Dividends (Schedule C, line 19) | | 4 |
| | 5 Interest | | 5 21 |
| | 6 Gross rents | | 6 |
| | 7 Gross royalties | | 7 |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | | 8 |
| | 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | 9 |
| 10 Other income (see instructions—attach statement) | | 10 | |
| 11 Total income. Add lines 3 through 10 | | 11 144,021 | |
| Deductions (See instructions for limitations on deductions.) | 12 Compensation of officers (see instructions—attach Form 1125-E) | | 12 |
| | 13 Salaries and wages (less employment credits) | | 13 33,468 |
| | 14 Repairs and maintenance | | 14 372 |
| | 15 Bad debts | | 15 |
| | 16 Rents | | 16 |
| | 17 Taxes and licenses | | 17 12,402 |
| | 18 Interest | | 18 |
| | 19 Charitable contributions | | 19 7,345 |
| | 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) | | 20 |
| | 21 Depletion | | 21 |
| | 22 Advertising | | 22 |
| | 23 Pension, profit-sharing, etc., plans | | 23 3,519 |
| | 24 Employee benefit programs | | 24 |
| | 25 Domestic production activities deduction (attach Form 8903) | | 25 |
| | 26 Other deductions (attach statement) | | 26 20,808 |
| | 27 Total deductions. Add lines 12 through 26 | | 27 77,914 |
| | 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | 28 66,107 |
| 29a Net operating loss deduction (see instructions) | 29a | | |
| b Special deductions (Schedule C, line 20) | 29b | | |
| c Add lines 29a and 29b | | 29c 0 | |
| Tax, Refundable Credits, and Payments | 30 Taxable income. Subtract line 29c from line 28 (see instructions) | | 30 66,107 |
| | 31 Total tax (Schedule J, Part I, line 11) | | 31 11,527 |
| | 32 Total payments and refundable credits (Schedule J, Part II, line 21) | | 32 9,047 |
| | 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | | 33 5 |
| | 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed | | 34 2,485 |
| | 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid | | 35 0 |
| | 36 Enter amount from line 35 you want: Credited to 2013 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/> | | 36 0 |

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.

Sign Here

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

| | | | | | |
|-------------------------------|--|--|-------------------------|--|--------------------------|
| Paid Preparer Use Only | Print/Type preparer's name CHRISTINE RIECKE-GONZALES | Preparer's signature <i>Christine Riecke-Gonzales</i> | Date 3/8/2014 | Check <input checked="" type="checkbox"/> if self-employed | PTIN P01337993 |
| | Firm's name CHRISTINE RIECKE-GONZALES, CPA, LLC | | | Firm's EIN 27-2409011 | |
| | Firm's address 77 APALAPANI LANE | | | Phone no. (808) 575-2181 | |
| | City HAIKU | | State HI | ZIP code 96708 | |

For Paperwork Reduction Act Notice, see separate instructions.

HTA

Form **1120** (2012)

| Schedule C Dividends and Special Deductions (see instructions) | | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|---|--|------------------------|------------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | | 70 | 0 |
| 2 | Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | | 80 | 0 |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations | | see instructions | 0 |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | 0 |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | 0 |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs | | 70 | 0 |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs | | 80 | 0 |
| 8 | Dividends from wholly owned foreign subsidiaries | | 100 | 0 |
| 9 | Total. Add lines 1 through 8. See instructions for limitation | | | 0 |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | 0 |
| 11 | Dividends from affiliated group members | | 100 | 0 |
| 12 | Dividends from certain FSCs | | 100 | 0 |
| 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 | Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 | 0 | | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b | | | 0 |

Schedule J Tax Computation and Payment (see instructions)

Part I—Tax Computation

| | | | | |
|----|--|--------------------------|----|--------|
| 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 | 11,527 |
| 3 | Alternative minimum tax (attach Form 4626) | | 3 | |
| 4 | Add lines 2 and 3 | | 4 | 11,527 |
| 5a | Foreign tax credit (attach Form 1118) | | 5a | |
| b | Credit from Form 8834, line 30 (attach Form 8834) | | 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 | Total credits. Add lines 5a through 5e | | 6 | 0 |
| 7 | Subtract line 6 from line 4 | | 7 | 11,527 |
| 8 | Personal holding company tax (attach Schedule PH (Form 1120)) | | 8 | |
| 9a | Recapture of investment credit (attach Form 4255) | | 9a | |
| b | Recapture of low-income housing credit (attach Form 8611) | | 9b | |
| c | Interest due under the look-back method—completed long-term contracts (attach Form 8697) | | 9c | |
| d | Interest due under the look-back method—income forecast method (attach Form 8866) | | 9d | |
| e | Alternative tax on qualifying shipping activities (attach Form 8902) | | 9e | |
| f | Other (see instructions—attach statement) | | 9f | |
| 10 | Total. Add lines 9a through 9f | | 10 | 0 |
| 11 | Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31 | | 11 | 11,527 |

Part II—Payments and Refundable Credits

| | | | | |
|----|--|--|-----|-------|
| 12 | 2011 overpayment credited to 2012 | | 12 | 1,047 |
| 13 | 2012 estimated tax payments | | 13 | 8,000 |
| 14 | 2012 refund applied for on Form 4466 | | 14 | () |
| 15 | Combine lines 12, 13, and 14 | | 15 | 9,047 |
| 16 | Tax deposited with Form 7004 | | 16 | |
| 17 | Withholding (see instructions) | | 17 | |
| 18 | Total payments. Add lines 15, 16, and 17 | | 18 | 9,047 |
| 19 | Refundable credits from: | | | |
| a | Form 2439 | | 19a | |
| b | Form 4136 | | 19b | |
| c | Form 8827, line 8c | | 19c | |
| d | Other (attach statement—see instructions) | | 19d | |
| 20 | Total credits. Add lines 19a through 19d | | 20 | 0 |
| 21 | Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32 | | 21 | 9,047 |

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. ▶ 531310 | | |
| b | Business activity ▶ MGT & SUPPORT SERVICES | | |
| c | Product or service ▶ SITE AND FACILITIES | | |
| 3 | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary 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 |

Schedule K Other Information *continued* (see instructions)

| | | Yes | No |
|---|--|--------------------------------|---|
| 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) below. | | | X |
| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of Incorporation | (iv) Percentage Owned in Voting Stock |
| | | | |
| | | | |
| | | | |
| 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) below. | | | X |
| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Country of Organization | (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 |
| 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 ▶ (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 ▶ | | | X |
| 8 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. | | | |
| 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ | | | |
| 10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ | | | 1 |
| 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> 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.) ▶ \$ | | | |
| 13 Are the corporation's total receipts (line 1c 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 of property distributions (other than cash) made during the tax year. ▶ \$ | | X | 0 |
| 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 |
| 15a Did the corporation make any payments in 2012 that would require it to file Form(s) 1099? | | X | |
| b If "Yes," did or will the corporation file required Forms 1099? | | X | |
| 16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock? | | | X |
| 17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? | | | X |
| 18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million? | | | X |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|--|-----------------------|--------|-----------------|--------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 25,630 | | 51,431 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | 0 | () | 0 |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach statement) | | 1,550 | | 333 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach statement) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | 0 | () | 0 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | 0 | () | 0 |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | 0 | () | 0 |
| 14 | Other assets (attach statement) | | | | |
| 15 | Total assets | | 27,180 | | 51,764 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 1,794 | | 3,723 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach statement) | | 8,860 | | 2,930 |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach statement) | | | | |
| 22 | Capital stock: a Preferred stock | | | | |
| | b Common stock | 100 | 100 | 100 | 100 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings—Appropriated (attach statement) | | | | |
| 25 | Retained earnings—Unappropriated | | 16,426 | | 45,011 |
| 26 | Adjustments to shareholders' equity (attach statement) | | | | |
| 27 | Less cost of treasury stock | () | | () | |
| 28 | Total liabilities and shareholders' equity | | 27,180 | | 51,764 |

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 | 28,585 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 11,527 | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | Accrued Vacation 4,923 | 4,923 |
| 4 | Income subject to tax not recorded on books this year (itemize): | 0 | 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 contributions \$ | |
| b | Charitable contributions | 30,918 | | | |
| c | Travel and entertainment | | | | 0 |
| | | 30,918 | 9 | Add lines 7 and 8 | 4,923 |
| 6 | Add lines 1 through 5 | 71,030 | 10 | Income (page 1, line 28)—line 6 less line 9 | 66,107 |

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

| | | | | | |
|---|------------------------------|--------|---|---|--------|
| 1 | Balance at beginning of year | 16,426 | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | 28,585 | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | 0 | | | |
| 4 | Add lines 1, 2, and 3 | 45,011 | 7 | Add lines 5 and 6 | 0 |
| | | | 8 | Balance at end of year (line 4 less line 7) | 45,011 |

Line 26 (1120) - Other Deductions

| | | | |
|----|---|----|--------|
| 1 | Travel, Meals and Entertainment | | |
| | a Travel | 1a | 436 |
| 2 | High Speed Internet | 2 | 451 |
| 3 | Telephone, Facsimile, and Cellular Phone | 3 | 2,212 |
| 4 | Office and Computer Supplies | 4 | 815 |
| 5 | Dues and Subscriptions | 5 | 126 |
| 6 | Common Area Maintenance Fees | 6 | 5,214 |
| 7 | Utilities | 7 | 2,442 |
| 8 | Insurance | 8 | 1,984 |
| 9 | Professional Fees | 9 | 7,004 |
| 10 | Postage | 10 | 124 |
| 11 | Total other deductions | 11 | 20,808 |
| 12 | Total deductions less expenses for offsetting credits | 12 | 20,808 |

Line 6, Sch L (1120) - Other Current Assets

| | | Beginning | End |
|---|----------------------------|-----------|-----|
| 1 | Prepaid Insurance | 336 | 333 |
| 2 | Prepaid Income Taxes | 1,214 | |
| 3 | Total other current assets | 1,550 | 333 |

Line 18, Sch L (1120) - Other Current Liabilities

| | | Beginning | End |
|---|---------------------------------|-----------|-------|
| 1 | Accrued Payroll Taxes | 2,674 | 147 |
| 2 | Accrued Vacation | 4,923 | |
| 3 | Accrued Pension | 1,263 | |
| 4 | Accrued Income Taxes | | 2,783 |
| 5 | Total other current liabilities | 8,860 | 2,930 |

Form **7004**

(Rev. December 2012)
 Department of the Treasury
 Internal Revenue Service

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

OMB No. 1545-0233

► **File a separate application for each return.**
 ► **Information about Form 7004 and its separate instructions is at www.irs.gov/form7004.**

| | | |
|--|--|--------------------|
| Print or Type | Name | Identifying number |
| | KA LUA O KIHA, INC. | 20-4656092 |
| | Number, street, and room or suite no. (If P.O. box, see instructions.) | |
| | 505 FRONT STREET, SUITE 221 | |
| City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). | | |
| LAHAINA | | HI 96761 |

Note. File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.

Part I Automatic 5-Month Extension

1a Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|---------------------|-----------|---|-----------|
| Form 1065 | 09 | Form 1041 (estate other than a bankruptcy estate) | 04 |
| Form 8804 | 31 | Form 1041 (trust) | 05 |

Part II Automatic 6-Month Extension

b Enter the form code for the return that this application is for (see below) 12

| Application Is For: | Form Code | Application Is For: | Form Code |
|------------------------------------|-----------|-----------------------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 706-GS(T) | 02 | Form 1120-PC | 21 |
| Form 1041 (bankruptcy estate only) | 03 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120-S | 25 |
| Form 1065-B | 10 | Form 1120-SF | 26 |
| Form 1066 | 11 | Form 3520-A | 27 |
| Form 1120 | 12 | Form 8612 | 28 |
| Form 1120-C | 34 | Form 8613 | 29 |
| Form 1120-F | 15 | Form 8725 | 30 |
| Form 1120-FSC | 16 | Form 8831 | 32 |
| Form 1120-H | 17 | Form 8876 | 33 |
| Form 1120-L | 18 | Form 8924 | 35 |
| Form 1120-ND | 19 | Form 8928 | 36 |

- 2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
- If checked, attach a statement, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here

5a The application is for calendar year 20 , or tax year beginning 7/1 , 20 12 , and ending 6/30 , 20 13

b **Short tax year.** If this tax year is less than 12 months, check the reason: Initial return Final return
 Change in accounting period Consolidated return to be filed Other (see instructions-attach explanation)

| | | |
|--|---|-------|
| 6 Tentative total tax | 6 | 9,000 |
| 7 Total payments and credits (see instructions) | 7 | 9,000 |
| 8 Balance due. Subtract line 7 from line 6 (see instructions) | 8 | 0 |

For Privacy Act and Paperwork Reduction Act Notice, see separate Instructions.

Form **7004** (Rev. 12-2012)

COPY

Form 1120
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 2013 or tax year beginning 7/1/2013, ending 6/30/2014
Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

OMB No. 1545-0123
2013

A Check if:
1a Consolidated return (attach Form 951)
b Life/nonlife consolidated return
2 Personal holding co. (attach Sch. PH)
3 Personal service corp. (see instructions)
4 Schedule M-3 attached
E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change
B Employer identification number: 20-4656092
C Date incorporated: 3/24/2006
D Total assets (see instructions): \$ 80,477

TYPE OR PRINT

Name: KA LUA O KIHA, INC.
Number, street, and room or suite no. If a P.O. box, see instructions: 505 FRONT STREET, SUITE 221
City or town: LAHAINA State: HI ZIP code: 96761
Foreign country name: Foreign province/state/county: Foreign postal code:

Income section table with columns for line number, description, and amount. Includes lines 1a through 11.

Deductions section table with columns for line number, description, and amount. Includes lines 12 through 29c.

Tax, Refundable Credits, and Payments section table with columns for line number, description, and amount. Includes lines 30 through 36.

Sign Here
Signature of officer: [Signature] Date: [Date] Title: [Title]
May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [] No

Paid Preparer Use Only
Print/Type preparer's name: CHRISTINE RIECKE-GONZALEZ
Preparer's signature: [Signature] Date: 9/8/2014
Check [X] if self-employed
Firm's name: CHRISTINE RIECKE-GONZALES, CPA, LLC
Firm's address: 77 APALAPANI LANE
City: HAIKU State: HI ZIP code: 96708
Firm's EIN: 27-2409011
Phone no.: (808) 575-2181
PTIN: P01337993

| Schedule C Dividends and Special Deductions (see instructions) | | (a) Dividends received | (b) % | (c) Special deductions (a) × (b) |
|---|--|------------------------|------------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | | 70 | 0 |
| 2 | Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | | 80 | 0 |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations | | see instructions | 0 |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | 0 |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | 0 |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs | | 70 | 0 |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs | | 80 | 0 |
| 8 | Dividends from wholly owned foreign subsidiaries | | 100 | 0 |
| 9 | Total. Add lines 1 through 8. See instructions for limitation | | | 0 |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | 0 |
| 11 | Dividends from affiliated group members | | 100 | 0 |
| 12 | Dividends from certain FSCs | | 100 | 0 |
| 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 | Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 | 0 | | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b | | | 0 |

Schedule J Tax Computation and Payment (see instructions)

Part I—Tax Computation

| | | | | |
|----|--|----|----|--------|
| 1 | Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) | | | |
| 2 | Income tax. Check if a qualified personal service corporation (see instructions) | | 2 | 31,343 |
| 3 | Alternative minimum tax (attach Form 4626) | | 3 | |
| 4 | Add lines 2 and 3 | | 4 | 31,343 |
| 5a | Foreign tax credit (attach Form 1118) | 5a | | |
| b | Credit from Form 8834 (see instructions) | 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 | Total credits. Add lines 5a through 5e | | 6 | 0 |
| 7 | Subtract line 6 from line 4 | | 7 | 31,343 |
| 8 | Personal holding company tax (attach Schedule PH (Form 1120)) | | 8 | |
| 9a | Recapture of investment credit (attach Form 4255) | 9a | | |
| b | Recapture of low-income housing credit (attach Form 8611) | 9b | | |
| c | Interest due under the look-back method—completed long-term contracts (attach Form 8697) | 9c | | |
| d | Interest due under the look-back method—income forecast method (attach Form 8866) | 9d | | |
| e | Alternative tax on qualifying shipping activities (attach Form 8902) | 9e | | |
| f | Other (see instructions—attach statement) | 9f | | |
| 10 | Total. Add lines 9a through 9f | | 10 | 0 |
| 11 | Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31 | | 11 | 31,343 |

Part II—Payments and Refundable Credits

| | | | | |
|----|--|-----|----|--------|
| 12 | 2012 overpayment credited to 2013 | | 12 | |
| 13 | 2013 estimated tax payments | | 13 | 34,000 |
| 14 | 2013 refund applied for on Form 4466 | | 14 | () |
| 15 | Combine lines 12, 13, and 14 | | 15 | 34,000 |
| 16 | Tax deposited with Form 7004 | | 16 | |
| 17 | Withholding (see instructions) | | 17 | |
| 18 | Total payments. Add lines 15, 16, and 17 | | 18 | 34,000 |
| 19 | Refundable credits from: | | | |
| a | Form 2439 | 19a | | |
| b | Form 4136 | 19b | | |
| c | Form 8827, line 8c | 19c | | |
| d | Other (attach statement—see instructions) | 19d | | |
| 20 | Total credits. Add lines 19a through 19d | | 20 | 0 |
| 21 | Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32 | | 21 | 34,000 |

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. ▶ 531310 | | |
| b | Business activity ▶ MGT & SUPPORT SERVICES | | |
| c | Product or service ▶ SITE AND FACILITIES | | |
| 3 | Is the corporation a subsidiary in an affiliated group or a parent-subsi- diary 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 |

Schedule K Other Information *continued* (see instructions)

| | | | | Yes | No |
|---|--|--------------------------------|---|-----|----|
| 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) below. | | | | | X |
| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of Incorporation | (iv) Percentage Owned in Voting Stock | | |
| | | | | | |
| 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) below. | | | | | X |
| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Country of Organization | (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 |
| 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 ▶ _____ (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 ▶ _____ | | | | | X |
| 8 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. | | | | | |
| 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____ | | | | | |
| 10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ _____ 1 | | | | | |
| 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> 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.) ▶ \$ _____ | | | | | |
| 13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) 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. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____ 0 | | | | X | |
| 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 |
| 15a Did the corporation make any payments in 2013 that would require it to file Form(s) 1099? | | | | X | |
| b If "Yes," did or will the corporation file required Forms 1099? | | | | X | |
| 16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock? | | | | | X |
| 17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? | | | | | X |
| 18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million? | | | | | X |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|--|-----------------------|--------|-----------------|--------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 51,431 | | 76,636 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | 0 | () | 0 |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach statement) | | 333 | | 3,841 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach statement) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | 0 | () | 0 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | 0 | () | 0 |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | 0 | () | 0 |
| 14 | Other assets (attach statement) | | | | |
| 15 | Total assets | | 51,764 | | 80,477 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 3,723 | | 10,616 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach statement) | | 2,930 | | |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach statement) | | | | |
| 22 | Capital stock: a Preferred stock | | | | |
| | b Common stock | 100 | 100 | 100 | 100 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings—Appropriated (attach statement) | | | | |
| 25 | Retained earnings—Unappropriated | | 45,011 | | 69,761 |
| 26 | Adjustments to shareholders' equity (attach statement) | | | | |
| 27 | Less cost of treasury stock | () | | () | |
| 28 | Total liabilities and shareholders' equity | | 51,764 | | 80,477 |

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 | 24,750 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 31,267 | | Tax-exempt interest \$ | 0 |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year (itemize): | 0 | 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 contributions \$ | |
| b | Charitable contributions \$ 67,298 | | | | 0 |
| c | Travel and entertainment \$ | | 9 | Add lines 7 and 8 | 0 |
| | | 67,298 | 10 | Income (page 1, line 28)—line 6 less line 9 | 123,315 |
| 6 | Add lines 1 through 5 | 123,315 | | | |

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

| | | | | | |
|---|--|--------|---|---|--------|
| 1 | Balance at beginning of year | 45,011 | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | 24,750 | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | 0 | 7 | Add lines 5 and 6 | 0 |
| 4 | Add lines 1, 2, and 3 | 69,761 | 8 | Balance at end of year (line 4 less line 7) | 69,761 |

Line 26 (1120) - Other Deductions

| | | | |
|----|---|----|--------|
| 1 | Internet Service | 1 | 187 |
| 2 | Telephone, Facsimile, and Cellular Phone | 2 | 1,817 |
| 3 | Office and Computer Supplies | 3 | 911 |
| 4 | Common Area Maintenance Fees | 4 | 4,461 |
| 5 | Utilities | 5 | 2,508 |
| 6 | Insurance | 6 | 1,244 |
| 7 | Professional Fees | 7 | 12,592 |
| 8 | Postage | 8 | 90 |
| 9 | Equipment Lease Payments | 9 | 3,142 |
| 10 | Total other deductions | 10 | 26,952 |
| 11 | Total deductions less expenses for offsetting credits | 11 | 26,952 |

Line 6, Sch L (1120) - Other Current Assets

| | | Beginning | End |
|---|----------------------------|-----------|-------|
| 1 | Prepaid Insurance | 333 | 333 |
| 2 | Prepaid Income Taxes | | 3,508 |
| 3 | Total other current assets | 333 | 3,841 |

Line 18, Sch L (1120) - Other Current Liabilities

| | | Beginning | End |
|---|---------------------------------|-----------|-----|
| 1 | Accrued Payroll Taxes | 147 | |
| 2 | Accrued Income Taxes | 2,783 | |
| 3 | Total other current liabilities | 2,930 | 0 |

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

OMB No. 1545-0233

► **File a separate application for each return.**
► **Information about Form 7004 and its separate instructions is at www.irs.gov/form7004.**

**Print
or
Type**

| | |
|--|--------------------|
| Name | Identifying number |
| KALUA O KIHA, INC. | 20-4656092 |
| Number, street, and room or suite no. (If P.O. box, see instructions.) | |
| 505 FRONT STREET, SUITE 221 | |
| City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). | |
| LAHAINA, HI 96761 | |

Note. File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.

Part I Automatic 5-Month Extension

1a Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|---------------------|-----------|---|-----------|
| Form 1065 | 09 | Form 1041 (estate other than a bankruptcy estate) | 04 |
| Form 8804 | 31 | Form 1041 (trust) | 05 |

Part II Automatic 6-Month Extension

b Enter the form code for the return that this application is for (see below)

| Application Is For: | Form Code | Application Is For: | Form Code |
|------------------------------------|-----------|-----------------------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 706-GS(T) | 02 | Form 1120-PC | 21 |
| Form 1041 (bankruptcy estate only) | 03 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120S | 25 |
| Form 1065-B | 10 | Form 1120-SF | 26 |
| Form 1066 | 11 | Form 3520-A | 27 |
| Form 1120 | 12 | Form 8612 | 28 |
| Form 1120-C | 34 | Form 8613 | 29 |
| Form 1120-F | 15 | Form 8725 | 30 |
| Form 1120-FSC | 16 | Form 8831 | 32 |
| Form 1120-H | 17 | Form 8876 | 33 |
| Form 1120-L | 18 | Form 8924 | 35 |
| Form 1120-ND | 19 | Form 8928 | 36 |

- 2** If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3** If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
If checked, attach a statement, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here

5a The application is for calendar year 20, or tax year beginning 7/1, 20 13, and ending 6/30, 20 14

b Short tax year. If this tax year is less than 12 months, check the reason: Initial return Final return
 Change in accounting period Consolidated return to be filed Other (see instructions-attach explanation)

| | | |
|--|----------|--------|
| 6 Tentative total tax | 6 | 31,343 |
| 7 Total payments and credits (see instructions) | 7 | 34,000 |
| 8 Balance due. Subtract line 7 from line 6 (see instructions) | 8 | 0 |

COPY

Form 1120
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

OMB No. 1545-0123
2014

For calendar year 2014 or tax year beginning 7/1/2014, ending 6/30/2015
Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

| | | | |
|---|----------------------|---|---|
| A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/> | TYPE OR PRINT | Name KALUA O KIHA, INC. | B Employer identification number 20-4656092 |
| | | Number, street, and room or suite no. If a P.O. box, see instructions. 505 FRONT STREET, SUITE 221 | C Date incorporated 3/24/2006 |
| | | City or town State ZIP code LAHAINA HI 96761 | D Total assets (see instructions) \$ 86,068 |
| | | Foreign country name Foreign province/state/county Foreign postal code | |
| E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change | | | |

| | | | | | |
|--|---|--|----|---------|---------|
| Income | 1a | Gross receipts or sales | 1a | 242,043 | |
| | b | Returns and allowance | 1b | | |
| | c | Balance. Subtract line 1b from line 1a | 1c | | 242,043 |
| | 2 | Cost of goods sold (attach Form 1125-A) | 2 | | |
| | 3 | Gross profit. Subtract line 2 from line 1c | 3 | | 242,043 |
| | 4 | Dividends (Schedule C, line 19) | 4 | | |
| | 5 | Interest | 5 | | 20 |
| | 6 | Gross rents | 6 | | |
| | 7 | Gross royalties | 7 | | |
| | 8 | Capital gain net income (attach Schedule D (Form 1120)) | 8 | | |
| | 9 | Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) | 9 | | |
| 10 | Other income (see instructions—attach statement) | 10 | | | |
| 11 | Total income. Add lines 3 through 10 | 11 | | 242,063 | |
| Deductions (See instructions for limitations on deductions.) | 12 | Compensation of officers (see instructions—attach Form 1125-E) | 12 | | |
| | 13 | Salaries and wages (less employment credits) | 13 | | 9,790 |
| | 14 | Repairs and maintenance | 14 | | 6,675 |
| | 15 | Bad debts | 15 | | |
| | 16 | Rents | 16 | | |
| | 17 | Taxes and licenses | 17 | | 20,224 |
| | 18 | Interest | 18 | | |
| | 19 | Charitable contributions | 19 | | 18,674 |
| | 20 | Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) | 20 | | |
| | 21 | Depletion | 21 | | |
| | 22 | Advertising | 22 | | |
| | 23 | Pension, profit-sharing, etc., plans | 23 | | |
| | 24 | Employee benefit programs | 24 | | |
| | 25 | Domestic production activities deduction (attach Form 8903) | 25 | | |
| | 26 | Other deductions (attach statement) | 26 | | 18,635 |
| | 27 | Total deductions. Add lines 12 through 26 | 27 | | 73,998 |
| | 28 | Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | 28 | | 168,065 |
| 29a | Net operating loss deduction (see instructions) | 29a | | | |
| b | Special deductions (Schedule C, line 20) | 29b | | | |
| c | Add lines 29a and 29b | 29c | | 0 | |
| Tax, Refundable Credits, and Payments | 30 | Taxable income. Subtract line 29c from line 28 (see instructions) | 30 | | 168,065 |
| | 31 | Total tax (Schedule J, Part I, line 11) | 31 | | 48,795 |
| | 32 | Total payments and refundable credits (Schedule J, Part II, line 21) | 32 | | 39,680 |
| | 33 | Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | 33 | | |
| | 34 | Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed | 34 | | 9,115 |
| | 35 | Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid | 35 | | 0 |
| 36 | Enter amount from line 35 you want: Credited to 2015 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/> | 36 | | 0 | |

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.

Sign Here Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

| | | | | | |
|-------------------------------|---|--|------------------|--|-------------------|
| Paid Preparer Use Only | Print/Type preparer's name CHRISTINE RIECKE-GONZALES | Preparer's signature <i>Christine Riecke-Gonzales</i> | Date 9/7/2015 | Check <input checked="" type="checkbox"/> if self-employed | PTIN P01337993 |
| | Firm's name CHRISTINE RIECKE-GONZALES, CPA, LLC | Firm's EIN 27-2409011 | | Phone no. (808) 575-2181 | |
| | Firm's address 77 APALAPANI LANE | City HAIKU | | State HI | ZIP code 96708 |

Schedule C Dividends and Special Deductions (see instructions)

| | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|---|------------------------|------------------|----------------------------------|
| 1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) | | 70 | 0 |
| 2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) | | 80 | 0 |
| 3 Dividends on debt-financed stock of domestic and foreign corporations | | see instructions | 0 |
| 4 Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | 0 |
| 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | 0 |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSCs | | 70 | 0 |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs | | 80 | 0 |
| 8 Dividends from wholly owned foreign subsidiaries | | 100 | 0 |
| 9 Total. Add lines 1 through 8. See instructions for limitation | | | 0 |
| 10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | 0 |
| 11 Dividends from affiliated group members | | 100 | 0 |
| 12 Dividends from certain FSCs | | 100 | 0 |
| 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 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶ | 0 | | |
| 20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶ | | | 0 |

Schedule J Tax Computation and Payment (see instructions)

Part I—Tax Computation

| | | | |
|----|--|----|--------|
| 1 | Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) | | |
| 2 | Income tax. Check if a qualified personal service corporation (see instructions) | | 48,795 |
| 3 | Alternative minimum tax (attach Form 4626) | | |
| 4 | Add lines 2 and 3 | | 48,795 |
| 5a | Foreign tax credit (attach Form 1118) | 5a | |
| b | Credit from Form 8834 (see instructions) | 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 | Total credits. Add lines 5a through 5e | 6 | 0 |
| 7 | Subtract line 6 from line 4 | 7 | 48,795 |
| 8 | Personal holding company tax (attach Schedule PH (Form 1120)) | 8 | |
| 9a | Recapture of investment credit (attach Form 4255) | 9a | |
| b | Recapture of low-income housing credit (attach Form 8611) | 9b | |
| c | Interest due under the look-back method—completed long-term contracts (attach Form 8697) | 9c | |
| d | Interest due under the look-back method—income forecast method (attach Form 8866) | 9d | |
| e | Alternative tax on qualifying shipping activities (attach Form 8902) | 9e | |
| f | Other (see instructions—attach statement) | 9f | |
| 10 | Total. Add lines 9a through 9f | 10 | 0 |
| 11 | Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31 | 11 | 48,795 |

Part II—Payments and Refundable Credits

| | | | |
|----|---|-----|--------|
| 12 | 2013 overpayment credited to 2014 | 12 | 2,650 |
| 13 | 2014 estimated tax payments | 13 | 37,030 |
| 14 | 2014 refund applied for on Form 4466 | 14 | () |
| 15 | Combine lines 12, 13, and 14 | 15 | 39,680 |
| 16 | Tax deposited with Form 7004 | 16 | |
| 17 | Withholding (see instructions) | 17 | |
| 18 | Total payments. Add lines 15, 16, and 17 | 18 | 39,680 |
| 19 | Refundable credits from: | | |
| a | Form 2439 | 19a | |
| b | Form 4136 | 19b | |
| c | Form 8827, line 8c | 19c | |
| d | Other (attach statement—see instructions) | 19d | |
| 20 | Total credits. Add lines 19a through 19d | 20 | 0 |
| 21 | Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32 | 21 | 39,680 |

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. ▶ 531310 | | |
| b | Business activity ▶ MANAGEMENT & SUPPORT SERVICES | | |
| c | Product or service ▶ SITE AND FACILITIES | | |
| 3 | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary 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 |

Schedule K Other Information *continued* (see instructions)

| | | Yes | No |
|---|--|--------------------------------|---|
| 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) below. | | | X |
| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of Incorporation | (iv) Percentage Owned in Voting Stock |
| | | | |
| | | | |
| | | | |
| 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) below. | | | X |
| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Country of Organization | (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 |
| 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 ▶ _____ (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 ▶ _____ | | | X |
| 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> | | | |
| 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____ | | | |
| 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 ▶ <input type="checkbox"/> 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.) ▶ \$ _____ | | | |
| 13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) 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. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____ 0 | | X | |
| 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 |
| 15a Did the corporation make any payments in 2014 that would require it to file Form(s) 1099? | | X | |
| b If "Yes," did or will the corporation file required Forms 1099? | | X | |
| 16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock? | | | X |
| 17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? | | | X |
| 18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million? | | | X |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|--|-----------------------|---------------|-----------------|---------------|
| | | (a) | (b) | (c) | (d) |
| Assets | | | | | |
| 1 | Cash | | 76,636 | | 85,735 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | 0 | () | 0 |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets (attach statement) | | 3,841 | | 333 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach statement) | | | | |
| 10a | Buildings and other depreciable assets | | | | |
| b | Less accumulated depreciation | () | 0 | () | 0 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | 0 | () | 0 |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | 0 | () | 0 |
| 14 | Other assets (attach statement) | | | | |
| 15 | Total assets | | 80,477 | | 86,068 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 10,616 | | 8,479 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach statement) | | | | 10,069 |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach statement) | | | | |
| 22 | Capital stock: a Preferred stock | | | | |
| | b Common stock | 100 | 100 | 100 | 100 |
| 23 | Additional paid-in capital | | | | |
| 24 | Retained earnings—Appropriated (attach statement) | | | | |
| 25 | Retained earnings—Unappropriated | | 69,761 | | 67,420 |
| 26 | Adjustments to shareholders' equity (attach statement) | | | | |
| 27 | Less cost of treasury stock | () | | () | |
| 28 | Total liabilities and shareholders' equity | | 80,477 | | 86,068 |

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

Note: The corporation may be required to file Schedule M-3 (see instructions).

| | | | | | |
|---|---|---------|----|--|---------|
| 1 | Net income (loss) per books | -2,341 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 48,795 | | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | 0 |
| 4 | Income subject to tax not recorded on books this year (itemize): | | | | |
| | | 0 | 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 contributions \$ | |
| b | Charitable contributions \$ 121,326 | | | | 0 |
| c | Travel and entertainment \$ | | 9 | Add lines 7 and 8 | 0 |
| | Penalties 285 | | 10 | Income (page 1, line 28)—line 6 less line 9 | 168,065 |
| | | 121,611 | | | |
| 6 | Add lines 1 through 5 | 168,065 | | | |

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

| | | | | | |
|---|------------------------------|--------|---|---|--------|
| 1 | Balance at beginning of year | 69,761 | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | -2,341 | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | | | | |
| | | 0 | 7 | Add lines 5 and 6 | 0 |
| 4 | Add lines 1, 2, and 3 | 67,420 | 8 | Balance at end of year (line 4 less line 7) | 67,420 |

Line 26 (1120) - Other Deductions

| | | | |
|----|---|----|--------|
| 1 | Internet Service | 1 | 842 |
| 2 | Telephone, Facsimile, and Cellular Phone | 2 | 1,728 |
| 3 | Office and Computer Supplies | 3 | 1,290 |
| 4 | Printing and Reproduction | 4 | 96 |
| 5 | Common Area Maintenance Fees | 5 | 4,683 |
| 6 | Utilities | 6 | 2,600 |
| 7 | Insurance | 7 | 1,249 |
| 8 | Professional Fees | 8 | 1,892 |
| 9 | Postage | 9 | 126 |
| 10 | Equipment Rental and Maintenance | 10 | 4,020 |
| 11 | Employee Benefits | 11 | 109 |
| 12 | Total other deductions | 12 | 18,635 |
| 13 | Total deductions less expenses for offsetting credits | 13 | 18,635 |

Line 6, Sch L (1120) - Other Current Assets

| | | Beginning | End |
|---|----------------------------|-----------|-----|
| 1 | Prepaid Insurance | 333 | 333 |
| 2 | Prepaid Income Taxes | 3,508 | |
| 3 | Total other current assets | 3,841 | 333 |

Line 18, Sch L (1120) - Other Current Liabilities

| | | Beginning | End |
|---|---------------------------------|-----------|--------|
| 1 | Accrued Payroll Taxes | | 288 |
| 2 | Accrued Income Taxes | | 9,781 |
| 3 | Total other current liabilities | 0 | 10,069 |