

State of Florida




Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 14, 2020

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Justin Sowards, Public Utility Analyst III, Division of Accounting & Finance 

RE: Docket No. 20190170-WS - Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.

Please place Royal Utility Company's 2014-2018 tax return documents into the docket file.

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2014

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

For calendar year 2014 or tax year beginning _____, ending _____

A S election effective date 01/01/97	TYPE OR PRINT	Name ROYAL UTILITY COMPANY	D Employer identification number 65-0051494
B Business activity code number (see instructions) 221300		Number, street, and room or suite no. If a P.O. box, see instructions. 8900 NORTHWEST 44th COURT	E Date incorporated 05/10/1988
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code CORAL SPRINGS FL 33065	F Total assets (see instructions) \$ 1,845,898

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed
H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation
I Enter the number of shareholders who were shareholders during any part of the tax year ▶ **6**

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

Income	1a Gross receipts or sales	1a	1,254,035	
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a		1c	1,254,035
	2 Cost of goods sold (attach Form 1125-A)		2	
	3 Gross profit. Subtract line 2 from line 1c		3	1,254,035
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		4	
5 Other income (loss) (see instructions—attach statement)	See Stmt 1	5	1,323	
6 Total income (loss). Add lines 3 through 5	▶	6	1,255,358	
Deductions <small>(see instructions for limitations)</small>	7 Compensation of officers (see instructions—attach Form 1125-E)			7
	8 Salaries and wages (less employment credits)			204,775
	9 Repairs and maintenance			36,452
	10 Bad debts			
	11 Rents			4,645
	12 Taxes and licenses			117,382
	13 Interest			47,775
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			33,877
	15 Depletion (Do not deduct oil and gas depletion.)			
	16 Advertising			974
	17 Pension, profit-sharing, etc., plans			
	18 Employee benefit programs			18,302
	19 Other deductions (attach statement)	See Stmt 2		637,470
	20 Total deductions. Add lines 7 through 19	▶	20	1,101,652
	21 Ordinary business income (loss). Subtract line 20 from line 6		21	153,706
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)		22c	
	23a 2014 estimated tax payments and 2013 overpayment credited to 2014	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Add lines 23a through 23c		23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached		24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed		25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26	
27 Enter amount from line 26 Credited to 2015 estimated tax ▶	Refunded ▶	27		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

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

Signature of officer **JOCK MCCARTNEY** Date _____ Title **PRESIDENT**

Paid Preparer Use Only	Print/Type preparer's name James I Carlstedt	Preparer's signature James I Carlstedt	Date 07/21/15	Check <input type="checkbox"/> if self-employed	PTIN P00118459
	Firm's name ▶ CJN&W CPAs			Firm's EIN ▶ 59-1680455	
	Firm's address ▶ 2560 Gulf To Bay Blvd, Ste 200 Clearwater, FL 33765-4432			Phone no. 727-791-4020	

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2014)

Schedule B Other Information (see instructions)

1 Check accounting method:	a <input type="checkbox"/> Cash	b <input checked="" type="checkbox"/> Accrual	Yes	No
	c <input type="checkbox"/> Other (specify) ▶			
2 See the instructions and enter the:	a Business activity ▶ UTILITY COMPANY		b Product or service ▶ WATER & WASTE WTR	
3 At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation				X
4 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 stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below			X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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 (v) below	Yes	No
		X

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

5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.		X
(i) Total shares of restricted stock ▶		
(ii) Total shares of non-restricted stock ▶		
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.		X
(i) Total shares of stock outstanding at the end of the tax year ▶		
(ii) Total shares of stock outstanding if all instruments were executed ▶		
6 Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7 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. <input type="checkbox"/>		
8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
9 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
10 Does the corporation satisfy both of the following conditions?		
a The corporation's total receipts (see instructions) for the tax year were less than \$250,000		
b The corporation's total assets at the end of the tax year were less than \$250,000. If "Yes," the corporation is not required to complete Schedules L and M-1.		X
11 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction \$		X
12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
13a Did the corporation make any payments in 2014 that would require it to file Form(s) 1099?	X	
b If "Yes," did the corporation file or will it file required Forms 1099?	X	

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	153,706
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	5,870
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
	10 Other income (loss) (see instructions) Type ▶	10	
	11 Section 179 deduction (attach Form 4562)	11	
Credits	12a Charitable contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
	d Other deductions (see instructions) Type ▶	12d	
	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
Foreign Transactions	d Other rental real estate credits (see instructions) Type ▶	13d	
	e Other rental credits (see instructions) Type ▶	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
	14a Name of country or U.S. possession ▶		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement) Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive category	14i	
Alternative Minimum Tax (AMT) Items	j General category	14j	
	k Other (attach statement) Other information	14k	
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
	15a Post-1986 depreciation adjustment	15a	-32,906
	b Adjusted gain or loss	15b	
Items Affecting Shareholder Basis	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	8,921
	d Distributions (attach statement if required) (see instructions)	16d	
	e Repayment of loans from shareholders	16e	

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Other Information	17a Investment income	17a	5,870
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	159,576

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		107,733		145,772
2a	Trade notes and accounts receivable	135,140		140,537	
b	Less allowance for bad debts	()	135,140	()	140,537
3	Inventories		18,975		18,975
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) Stmt 3		128,061		124,543
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	4,750,421		4,819,988	
b	Less accumulated depreciation	(3,452,278)	1,298,143	(3,557,245)	1,262,743
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		147,925		147,925
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement) Stmt 4		7,890		5,403
15	Total assets		1,843,867		1,845,898
Liabilities and Shareholders' Equity					
16	Accounts payable		23,944		22,112
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Stmt 5		84,437		99,590
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		833,339		742,483
21	Other liabilities (attach statement) Stmt 6		90,860		77,974
22	Capital stock		100		100
23	Additional paid-in capital		800,000		800,000
24	Retained earnings		86,187		178,639
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	(75,000)		(75,000)	
27	Total liabilities and shareholders' equity		1,843,867		1,845,898

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

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

<p>1 Net income (loss) per books 92,452</p> <p>2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)</p> <p>3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14I (itemize):</p> <p style="padding-left: 20px;">a Depreciation \$ 58,203</p> <p style="padding-left: 20px;">b Travel and entertainment \$</p> <p style="padding-left: 20px;">Stmt 7 8,921</p> <p>4 Add lines 1 through 3 159,576</p>	<p>92,452</p> <p>67,124</p> <p>159,576</p>	<p>5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):</p> <p style="padding-left: 20px;">a Tax-exempt interest \$</p> <p>6 Deductions included on Schedule K, lines 1 through 12 and 14I, not charged against book income this year (itemize):</p> <p style="padding-left: 20px;">a Depreciation \$</p> <p>7 Add lines 5 and 6</p> <p>8 Income (loss) (Schedule K, line 18). Line 4 less line 7 159,576</p>	<p>159,576</p>
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Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	-23,594		
2 Ordinary income from page 1, line 21	153,706		
3 Other additions Stmt 8	5,870		
4 Loss from page 1, line 21	(
5 Other reductions Stmt 9	67,124 (
6 Combine lines 1 through 5	68,858		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	68,858		

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2015

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

For calendar year 2015 or tax year beginning _____, ending _____

A S election effective date 01/01/97	TYPE OR PRINT	Name ROYAL UTILITY COMPANY	D Employer identification number 65-0051494
B Business activity code number (see instructions) 221300		Number, street, and room or suite no. If a P.O. box, see instructions. 8900 NORTHWEST 44th COURT	E Date incorporated 05/10/1988
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code CORAL SPRINGS FL 33065	F Total assets (see instructions) \$ 1,807,448

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed
H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation
I Enter the number of shareholders who were shareholders during any part of the tax year ▶ **6**

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

Income	1a Gross receipts or sales	1a	1,231,498	
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a		1c	1,231,498
	2 Cost of goods sold (attach Form 1125-A)		2	
	3 Gross profit. Subtract line 2 from line 1c		3	1,231,498
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		4	
5 Other income (loss) (see instructions—attach statement)	See Stmt 1	5	1,719	
6 Total income (loss). Add lines 3 through 5		6	1,233,217	
Deductions <small>(see instructions for limitations)</small>	7 Compensation of officers (see instructions—attach Form 1125-E)			7
	8 Salaries and wages (less employment credits)			214,355
	9 Repairs and maintenance			62,624
	10 Bad debts			
	11 Rents			2,004
	12 Taxes and licenses			115,049
	13 Interest			35,445
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			33,768
	15 Depletion (Do not deduct oil and gas depletion.)			
	16 Advertising			3,362
	17 Pension, profit-sharing, etc., plans			
	18 Employee benefit programs			11,392
	19 Other deductions (attach statement)	See Stmt 2		636,564
	20 Total deductions. Add lines 7 through 19		20	1,114,563
	21 Ordinary business income (loss). Subtract line 20 from line 6		21	118,654
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)		22c	
	23a 2015 estimated tax payments and 2014 overpayment credited to 2015	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Add lines 23a through 23c		23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached		24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed		25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26	
27 Enter amount from line 26 Credited to 2016 estimated tax		27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

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

Sign Here Signature of officer **JOCK MCCARTNEY** Date _____ Title **PRESIDENT**

Paid Preparer Use Only	Print/Type preparer's name James I Carlstedt	Preparer's signature James I Carlstedt	Date 07/18/16	Check <input type="checkbox"/> if self-employed	PTIN P00118459
	Firm's name ▶ CJN&W CPAs	Firm's EIN ▶ 59-1680455			
	Firm's address ▶ 2560 Gulf To Bay Blvd, Ste 200 Clearwater, FL 33765-4432	Phone no. 727-791-4020			

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2015)

Schedule B Other Information (see instructions)

1	Check accounting method:	a	<input type="checkbox"/> Cash	b	<input checked="" type="checkbox"/> Accrual	Yes	No	
		c	<input type="checkbox"/> Other (specify) ▶					
2	See the instructions and enter the:	a	Business activity ▶	UTILITY COMPANY	b	Product or service ▶	WATER & WASTE WTR	
3	At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation							X
4	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 stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below							X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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 (v) below		X
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

5a	At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.		X
	(i) Total shares of restricted stock ▶		
	(ii) Total shares of non-restricted stock ▶		
b	At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.		X
	(i) Total shares of stock outstanding at the end of the tax year ▶		
	(ii) Total shares of stock outstanding if all instruments were executed ▶		
6	Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7	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.	<input type="checkbox"/>	
8	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
9	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
10	Does the corporation satisfy both of the following conditions?		
	a The corporation's total receipts (see instructions) for the tax year were less than \$250,000		
	b The corporation's total assets at the end of the tax year were less than \$250,000		X
	If "Yes," the corporation is not required to complete Schedules L and M-1.		
11	During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction \$		X
12	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
13a	Did the corporation make any payments in 2015 that would require it to file Form(s) 1099?	X	
b	If "Yes," did the corporation file or will it file required Forms 1099?	X	

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	118,654
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	1,177
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
Income (Loss)	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
	10 Other income (loss) (see instructions) Type ▶	10	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Charitable contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
d Other deductions (see instructions) Type ▶	12d		
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instructions) Type ▶	13d	
	e Other rental credits (see instructions) Type ▶	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level	14c	
	Foreign gross income sourced at corporate level		
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement)	14f	
	Deductions allocated and apportioned at shareholder level		
	g Interest expense	14g	
	h Other	14h	
	Deductions allocated and apportioned at corporate level to foreign source income		
	i Passive category	14i	
	j General category	14j	
k Other (attach statement)	14k		
Other information			
l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l		
m Reduction in taxes available for credit (attach statement)	14m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	-35,510
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	10,780
	d Distributions (attach statement if required) (see instructions)	16d	
	e Repayment of loans from shareholders	16e	

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Other Information	17a Investment income	17a	1,177
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		

Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	119,831
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Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		145,772		115,066
2a	Trade notes and accounts receivable	140,537		138,971	
b	Less allowance for bad debts	()	140,537	()	138,971
3	Inventories		18,975		18,975
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) Stmt 3		124,543		108,529
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	4,819,988		4,886,276	
b	Less accumulated depreciation	(3,557,245)	1,262,743	(3,645,820)	1,240,456
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		147,925		147,925
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement) Stmt 4		5,403		37,526
15	Total assets		1,845,898		1,807,448
Liabilities and Shareholders' Equity					
16	Accounts payable		22,112		69,993
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Stmt 5		99,590		106,518
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		742,483		594,984
21	Other liabilities (attach statement) Stmt 6		77,974		65,087
22	Capital stock		100		100
23	Additional paid-in capital		800,000		800,000
24	Retained earnings		178,639		245,766
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	(75,000)		(75,000)	
27	Total liabilities and shareholders' equity		1,845,898		1,807,448

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

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

1 Net income (loss) per books	67,127	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14I (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14I, not charged against book income this year (itemize):	
a Depreciation \$	41,923	a Depreciation \$	
b Travel and entertainment \$			
Stmt 7	10,781		
	52,704	7 Add lines 5 and 6	
4 Add lines 1 through 3	119,831	8 Income (loss) (Schedule K, line 18). Line 4 less line 7	119,831

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

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	68,858		
2 Ordinary income from page 1, line 21	118,654		
3 Other additions Stmt 8	1,177		
4 Loss from page 1, line 21	(
5 Other reductions Stmt 9	52,704	(
6 Combine lines 1 through 5	135,985		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	135,985		

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2016

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

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

A S election effective date 01/01/97	TYPE OR PRINT	Name ROYAL UTILITY COMPANY	D Employer identification number 65-0051494
B Business activity code number (see instructions) 221300		Number, street, and room or suite no. If a P.O. box, see instructions. 8900 NORTHWEST 44th COURT	E Date incorporated 05/10/1988
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code CORAL SPRINGS FL 33065	F Total assets (see instructions) \$ 1,816,780

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed
H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation
I Enter the number of shareholders who were shareholders during any part of the tax year **6**

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

Income	1a Gross receipts or sales	1a	1,240,100		
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a			1c	1,240,100
	2 Cost of goods sold (attach Form 1125-A)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	1,240,100
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	
Deductions (see instructions for limitations)	5 Other income (loss) (see instructions—attach statement)		See Stmt 1	5	7,903
	6 Total income (loss). Add lines 3 through 5			6	1,248,003
	7 Compensation of officers (see instructions—attach Form 1125-E)			7	
	8 Salaries and wages (less employment credits)			8	214,187
	9 Repairs and maintenance			9	46,438
	10 Bad debts			10	
	11 Rents			11	1,351
	12 Taxes and licenses			12	111,608
	13 Interest			13	23,153
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	51,407
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	690
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	12,588
	19 Other deductions (attach statement)			19	656,174
20 Total deductions. Add lines 7 through 19			20	1,117,596	
21 Ordinary business income (loss). Subtract line 20 from line 6			21	130,407	
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a			
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b (see instructions for additional taxes)			22c	
	23a 2016 estimated tax payments and 2015 overpayment credited to 2016	23a			
	b Tax deposited with Form 7004	23b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c			23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
27 Enter amount from line 26 Credited to 2017 estimated tax			27	Refunded	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

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

Sign Here Signature of officer **JOCK MCCARTNEY** Date _____ Title **PRESIDENT**

Paid Preparer Use Only	Print/Type preparer's name James L Carlstedt	Preparer's signature James L Carlstedt	Date 07/18/17	Check <input type="checkbox"/> if self-employed	PTIN P00118459
	Firm's name CJN&W CPAs	Firm's EIN 46-1894514			
	Firm's address 2560 Gulf To Bay Blvd, Ste 200 Clearwater, FL 33765-4432	Phone no. 727-791-4020			

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2016)

Schedule B Other Information (see instructions)

1	Check accounting method:	a <input type="checkbox"/> Cash	b <input checked="" type="checkbox"/> Accrual		Yes	No	
		c <input type="checkbox"/> Other (specify) ▶					
2	See the instructions and enter the:	a Business activity ▶ UTILITY COMPANY		b Product or service ▶ WATER & WASTE WTR			
3	At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation					X	
4	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 stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below					X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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 (v) below

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

5a	At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.		X
	(i) Total shares of restricted stock ▶		
	(ii) Total shares of non-restricted stock ▶		
b	At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.		X
	(i) Total shares of stock outstanding at the end of the tax year ▶		
	(ii) Total shares of stock outstanding if all instruments were executed ▶		
6	Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7	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. <input type="checkbox"/>		
8	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
9	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
10	Does the corporation satisfy both of the following conditions?		
	a The corporation's total receipts (see instructions) for the tax year were less than \$250,000		
	b The corporation's total assets at the end of the tax year were less than \$250,000		X
	If "Yes," the corporation is not required to complete Schedules L and M-1.		
11	During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction \$		X
12	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
13a	Did the corporation make any payments in 2016 that would require it to file Form(s) 1099?	X	
b	If "Yes," did the corporation file or will it file required Forms 1099?	X	

Schedule K Shareholders' Pro Rata Share Items

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	130,407
	2 Net rental real estate income (loss) (attach Form 8825)	
	3a Other gross rental income (loss)	
	b Expenses from other rental activities (attach statement)	
	c Other net rental income (loss). Subtract line 3b from line 3a	
	4 Interest income	3,220
	5 Dividends: a Ordinary dividends	
	b Qualified dividends	
	6 Royalties	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	
	b Collectibles (28%) gain (loss)	
	c Unrecaptured section 1250 gain (attach statement)	
	9 Net section 1231 gain (loss) (attach Form 4797)	
	10 Other income (loss) (see instructions) Type ▶	
	11 Section 179 deduction (attach Form 4562)	
Credits	12a Charitable contributions	
	b Investment interest expense	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	
	d Other deductions (see instructions) Type ▶	
	13a Low-income housing credit (section 42(j)(5))	
	b Low-income housing credit (other)	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	
Foreign Transactions	d Other rental real estate credits (see instructions) Type ▶	
	e Other rental credits (see instructions) Type ▶	
	f Biofuel producer credit (attach Form 6478)	
	g Other credits (see instructions) Type ▶	
	14a Name of country or U.S. possession ▶	
	b Gross income from all sources	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	
	d Passive category	
	e General category	
	f Other (attach statement) Deductions allocated and apportioned at shareholder level	
	g Interest expense	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	
	i Passive category	
	j General category	
k Other (attach statement) Other information		
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued		
m Reduction in taxes available for credit (attach statement)		
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	-37,539
	b Adjusted gain or loss	
	c Depletion (other than oil and gas)	
	d Oil, gas, and geothermal properties – gross income	
	e Oil, gas, and geothermal properties – deductions	
	f Other AMT items (attach statement)	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	
	b Other tax-exempt income	
	c Nondeductible expenses	16,029
	d Distributions (attach statement if required) (see instructions)	
	e Repayment of loans from shareholders	

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Other Information	17a Investment income	17a	3,220
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		

Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	133,627
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Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			115,066		116,529
2a Trade notes and accounts receivable	138,971			144,530	
b Less allowance for bad debts	(138,971	(144,530	
3 Inventories		18,975		18,975	
4 U.S. government obligations					
5 Tax-exempt securities (see instructions)					
6 Other current assets (attach statement) Stmt 3		108,529		96,703	
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments (attach statement)					
10a Buildings and other depreciable assets	4,886,276		4,990,691		
b Less accumulated depreciation	(3,645,820)	1,240,456	(3,734,204)	1,256,487	
11a Depletable assets					
b Less accumulated depletion	((
12 Land (net of any amortization)		147,925		147,925	
13a Intangible assets (amortizable only)					
b Less accumulated amortization	((
14 Other assets (attach statement) Stmt 4		37,526		35,631	
15 Total assets		1,807,448		1,816,780	
Liabilities and Shareholders' Equity					
16 Accounts payable		69,993		66,336	
17 Mortgages, notes, bonds payable in less than 1 year					
18 Other current liabilities (attach statement) Stmt 5		106,518		118,757	
19 Loans from shareholders					
20 Mortgages, notes, bonds payable in 1 year or more		594,984		515,111	
21 Other liabilities (attach statement) Stmt 6		65,087		52,773	
22 Capital stock		100		100	
23 Additional paid-in capital		800,000		800,000	
24 Retained earnings		245,766		338,703	
25 Adjustments to shareholders' equity (attach statement)					
26 Less cost of treasury stock	(75,000	(75,000	
27 Total liabilities and shareholders' equity		1,807,448		1,816,780	

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

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

1 Net income (loss) per books	92,937	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a Depreciation \$	24,660	a Depreciation \$	
b Travel and entertainment \$			
Stmt 7	16,030	7 Add lines 5 and 6	
	40,690		
4 Add lines 1 through 3	133,627	8 Income (loss) (Schedule K, line 18). Line 4 less line 7	133,627

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

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	135,985		
2 Ordinary income from page 1, line 21	130,407		
3 Other additions Stmt 8	3,220		
4 Loss from page 1, line 21	()		
5 Other reductions Stmt 9	40,690	()	
6 Combine lines 1 through 5	228,922		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	228,922		

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2017

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year 2017 or tax year beginning _____, ending _____

A S election effective date 01/01/97	TYPE OR PRINT	Name ROYAL UTILITY COMPANY	D Employer identification number 65-0051494
B Business activity code number (see instructions) 221300		Number, street, and room or suite no. If a P.O. box, see instructions. 8900 NORTHWEST 44th COURT	E Date incorporated 05/10/1988
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code CORAL SPRINGS FL 33065	F Total assets (see instructions) \$ 1,877,652

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

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

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ **6**

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

Income	1a	Gross receipts or sales	1a	1,250,190	
	1b	Returns and allowances	1b		
	1c	Balance. Subtract line 1b from line 1a	1c		1,250,190
	2	Cost of goods sold (attach Form 1125-A)	2		
	3	Gross profit. Subtract line 2 from line 1c	3		1,250,190
	4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)	4		
Deductions <small>(see instructions for limitations)</small>	5	Other income (loss) (see instructions—attach statement)		See Stmt 1	1,778
	6	Total income (loss). Add lines 3 through 5	6		1,251,968
	7	Compensation of officers (see instructions—attach Form 1125-E)	7		
	8	Salaries and wages (less employment credits)	8		231,548
	9	Repairs and maintenance	9		97,494
	10	Bad debts	10		
	11	Rents	11		884
	12	Taxes and licenses	12		114,648
	13	Interest	13		7,101
	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14		43,460
	15	Depletion (Do not deduct oil and gas depletion.)	15		
	16	Advertising	16		788
	17	Pension, profit-sharing, etc., plans	17		
	18	Employee benefit programs	18		11,288
	19	Other deductions (attach statement)	19		See Stmt 2
20	Total deductions. Add lines 7 through 19	20		1,172,583	
21	Ordinary business income (loss). Subtract line 20 from line 6	21		79,385	
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions)	22a		
	22b	Tax from Schedule D (Form 1120S)	22b		
	22c	Add lines 22a and 22b (see instructions for additional taxes)	22c		
	23a	2017 estimated tax payments and 2016 overpayment credited to 2017	23a		
	23b	Tax deposited with Form 7004	23b		
	23c	Credit for federal tax paid on fuels (attach Form 4136)	23c		
	23d	Add lines 23a through 23c	23d		
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached	24		
25	Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25			
26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26			
27	Enter amount from line 26 Credited to 2018 estimated tax	27		Refunded	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

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

Sign Here Signature of officer **JOCK MCCARTNEY** Date _____ Title **PRESIDENT**

Paid Preparer Use Only	Print/Type preparer's name James L Carlstedt	Preparer's signature James L Carlstedt	Date 05/14/18	Check <input type="checkbox"/> if self-employed	PTIN P00118459	
	Firm's name ▶ CJN&W CPAs				Firm's EIN ▶ 46-1894514	
	Firm's address ▶ 2560 Gulf To Bay Blvd, Ste 200 Clearwater, FL 33765-4432				Phone no. 727-791-4020	

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2017)

Schedule B 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 ▶ UTILITY COMPANY		b Product or service ▶ WATER & WASTE WTR			
3	At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation						X
4	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 stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below						X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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 (v) below		X
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

5a	At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.		X
(i)	Total shares of restricted stock ▶		
(ii)	Total shares of non-restricted stock ▶		
b	At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.		X
(i)	Total shares of stock outstanding at the end of the tax year ▶		
(ii)	Total shares of stock outstanding if all instruments were executed ▶		
6	Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7	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.	<input type="checkbox"/>	
8	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
9	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
10	Does the corporation satisfy both of the following conditions?		
a	The corporation's total receipts (see instructions) for the tax year were less than \$250,000		
b	The corporation's total assets at the end of the tax year were less than \$250,000		X
	If "Yes," the corporation is not required to complete Schedules L and M-1.		
11	During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction \$		X
12	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
13a	Did the corporation make any payments in 2017 that would require it to file Form(s) 1099?	X	
b	If "Yes," did the corporation file or will it file required Forms 1099?	X	

Schedule K Shareholders' Pro Rata Share Items

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1 79,385
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4 2,893
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
	10 Other income (loss) (see instructions) Type ▶	10
Credits	11 Section 179 deduction (attach Form 4562)	11
	12a Charitable contributions	12a
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)
Foreign Transactions	d Other deductions (see instructions) Type ▶	12d
	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c
	d Other rental real estate credits (see instructions) Type ▶	13d
	e Other rental credits (see instructions) Type ▶	13e
	f Biofuel producer credit (attach Form 6478)	13f
Alternative Minimum Tax (AMT) Items	g Other credits (see instructions) Type ▶	13g
	14a Name of country or U.S. possession ▶	14a
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c
	d Passive category	14d
	e General category	14e
	f Other (attach statement) Deductions allocated and apportioned at shareholder level	14f
	g Interest expense	14g
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h
	i Passive category	14i
	j General category	14j
	k Other (attach statement) Other information	14k
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l
	m Reduction in taxes available for credit (attach statement)	14m
n Other foreign tax information (attach statement)	14n	
Items Affecting Shareholder Basis	15a Post-1986 depreciation adjustment	15a -38,858
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties – gross income	15d
	e Oil, gas, and geothermal properties – deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c 12,638
	d Distributions (attach statement if required) (see instructions)	16d
	e Repayment of loans from shareholders	16e

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Other Information	17a Investment income	17a	2,893
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		

Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	82,278
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Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			116,529		120,978
2a Trade notes and accounts receivable	144,530			140,396	
b Less allowance for bad debts	(144,530	(140,396	
3 Inventories		18,975		18,975	
4 U.S. government obligations					
5 Tax-exempt securities (see instructions)					
6 Other current assets (attach statement) Stmt 3		96,703		87,615	
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments (attach statement)					
10a Buildings and other depreciable assets	4,990,691		5,082,033		
b Less accumulated depreciation	(3,734,204)	1,256,487	(3,826,814)	1,255,219	
11a Depletable assets					
b Less accumulated depletion	((
12 Land (net of any amortization)		147,925		147,925	
13a Intangible assets (amortizable only)					
b Less accumulated amortization	((
14 Other assets (attach statement) Stmt 4		35,631		106,544	
15 Total assets		1,816,780		1,877,652	
Liabilities and Shareholders' Equity					
16 Accounts payable		66,336		123,277	
17 Mortgages, notes, bonds payable in less than 1 year					
18 Other current liabilities (attach statement) Stmt 5		118,757		132,767	
19 Loans from shareholders					
20 Mortgages, notes, bonds payable in 1 year or more		515,111		483,682	
21 Other liabilities (attach statement) Stmt 6		52,773		41,396	
22 Capital stock		100		100	
23 Additional paid-in capital		800,000		800,000	
24 Retained earnings		338,703		371,430	
25 Adjustments to shareholders' equity (attach statement)					
26 Less cost of treasury stock	(75,000	(75,000	
27 Total liabilities and shareholders' equity		1,816,780		1,877,652	

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

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

1 Net income (loss) per books	32,727	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a Depreciation \$	37,774	a Depreciation \$	861
b Travel and entertainment \$		Stmt 8	861
Stmt 7	12,638	7 Add lines 5 and 6	861
4 Add lines 1 through 3	50,412	8 Income (loss) (Schedule K, line 18). Line 4 less line 7	82,278
	83,139		

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

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	228,922		
2 Ordinary income from page 1, line 21	79,385		
3 Other additions Stmt 9	3,754		
4 Loss from page 1, line 21	(
5 Other reductions Stmt 10	50,412	(
6 Combine lines 1 through 5	261,649		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	261,649		

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2018

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year 2018 or tax year beginning _____, ending _____

A S election effective date 01/01/97	TYPE OR PRINT	Name ROYAL UTILITY COMPANY	D Employer identification number 65-0051494
B Business activity code number (see instructions) 221300		Number, street, and room or suite no. If a P.O. box, see instructions. 8900 NORTHWEST 44th COURT	E Date incorporated 05/10/1988
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code CORAL SPRINGS FL 33065	F Total assets (see instructions) \$ 1,969,412

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed
H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation
I Enter the number of shareholders who were shareholders during any part of the tax year **7**

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

Income	1a Gross receipts or sales	1a	1,270,194	1c	1,270,194
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a				
	2 Cost of goods sold (attach Form 1125-A)	2			
	3 Gross profit. Subtract line 2 from line 1c	3	1,270,194		
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)	4			
Deductions <small>(see instructions for limitations)</small>	5 Other income (loss) (see instructions—attach statement)		See Stmt 1	5	36,007
	6 Total income (loss). Add lines 3 through 5	6		6	1,306,201
	7 Compensation of officers (see instructions—attach Form 1125-E)	7		7	
	8 Salaries and wages (less employment credits)	8		8	263,860
	9 Repairs and maintenance	9		9	57,203
	10 Bad debts	10		10	
	11 Rents	11		11	1,135
	12 Taxes and licenses	12		12	119,795
	13 Interest (see instructions)	13		13	8,843
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14		14	84,954
	15 Depletion (Do not deduct oil and gas depletion.)	15		15	
	16 Advertising	16		16	789
	17 Pension, profit-sharing, etc., plans	17		17	
	18 Employee benefit programs	18		18	13,680
	19 Other deductions (attach statement)	19		19	718,225
20 Total deductions. Add lines 7 through 19	20		20	1,268,484	
21 Ordinary business income (loss). Subtract line 20 from line 6	21		21	37,717	
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		23e	
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b (see instructions for additional taxes)				
	23a 2018 estimated tax payments and 2017 overpayment credited to 2018	23a			
	b Tax deposited with Form 7004	23b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d Refundable credit from Form 8827, line 8c	23d			
	e Add lines 23a through 23d				
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached	24			
	25 Amount owed. If line 23e is smaller than the total of lines 22c and 24, enter amount owed	25			
26 Overpayment. If line 23e is larger than the total of lines 22c and 24, enter amount overpaid	26				
27 Enter amount from line 26: Credited to 2019 estimated tax Refunded	27				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

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

Sign Here Signature of officer **JOCK MCCARTNEY** Date _____ Title **PRESIDENT**

Paid Preparer Use Only	Print/Type preparer's name James L Carlstedt	Preparer's signature James L Carlstedt	Date 05/14/19	Check <input type="checkbox"/> if self-employed	PTIN P00118459
	Firm's name CJN&W CPAs PA	Firm's EIN 46-1894514			
	Firm's address 2560 Gulf To Bay Blvd, Ste 200 Clearwater, FL 33765-4432	Phone no. 727-791-4020			

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2018)

Schedule B Other Information (see instructions)

1 Check accounting method:	a <input type="checkbox"/> Cash	b <input checked="" type="checkbox"/> Accrual	Yes	No
	c <input type="checkbox"/> Other (specify) ▶			
2 See the instructions and enter the:	a Business activity ▶ UTILITY COMPANY		b Product or service ▶ WATER & WASTE WTR	
3 At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation				X
4 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 stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below			X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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 (v) below	Yes	No
		X

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

5 a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.	Yes	No
		X

(i) Total shares of restricted stock ▶		
(ii) Total shares of non-restricted stock ▶		

b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.	Yes	No
		X

(i) Total shares of stock outstanding at the end of the tax year ▶		
(ii) Total shares of stock outstanding if all instruments were executed ▶		

6 Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?	Yes	No
		X

7 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.	<input type="checkbox"/>	
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8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
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9 Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions	Yes	No
		X

10 Does the corporation satisfy one of the following conditions and the corporation doesn't own a pass-through entity with current year, or prior year carryover, excess business interest expense? See instructions	Yes	No
	X	

- a** The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year don't exceed \$25 million, and the corporation isn't a tax shelter; or
- b** The corporation only has business interest expense from (1) an electing real property trade or business, (2) an electing farming business, or (3) certain utility businesses under section 163(j)(7). If "No," complete and attach Form 8990.

11 Does the corporation satisfy both of the following conditions?	Yes	No
		X

- a** The corporation's total receipts (see instructions) for the tax year were less than \$250,000
 - b** The corporation's total assets at the end of the tax year were less than \$250,000
- If "Yes," the corporation is not required to complete Schedules L and M-1.

Schedule B Other Information (see instructions) (continued)		Yes	No
12	During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction ▶ \$		X
13	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
14a	Did the corporation make any payments in 2018 that would require it to file Form(s) 1099?	X	
b	If "Yes," did the corporation file or will it file required Forms 1099?	X	
15	Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund? If "Yes," enter the amount from Form 8996, line 13 ▶ \$		X

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	37,717
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	2,398
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a		
b Collectibles (28%) gain (loss)	8b		
c Unrecaptured section 1250 gain (attach statement)	8c		
9 Net section 1231 gain (loss) (attach Form 4797)	9		
10 Other income (loss) (see instructions) Type ▶	10		
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Charitable contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
d Other deductions (see instructions) Type ▶	12d		
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instructions) Type ▶	13d	
	e Other rental credits (see instructions) Type ▶	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Section 951A category	14d	
	e Foreign branch category	14e	
	f Passive category	14f	
	g General category	14g	
	h Other (attach statement) Deductions allocated and apportioned at shareholder level	14h	
	i Interest expense	14i	
	j Other Deductions allocated and apportioned at corporate level to foreign source income	14j	
	k Section 951A category	14k	
	l Foreign branch category	14l	
	m Passive category	14m	
	n General category	14n	
o Other (attach statement) Other information	14o		
p Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14p		
q Reduction in taxes available for credit (attach statement)	14q		
r Other foreign tax information (attach statement)			

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	-38,520
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	14,496
	d Distributions (attach statement if required) (see instructions)	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	2,398
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement) See Statement 3		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18	40,115

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		120,978		131,074
2a	Trade notes and accounts receivable	140,396		191,470	
b	Less allowance for bad debts	()	140,396	()	191,470
3	Inventories		18,975		18,975
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) Stmt 4		87,831		77,722
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	5,082,033		5,153,078	
b	Less accumulated depreciation	(3,826,814)	1,255,219	(3,919,092)	1,233,986
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		147,925		147,925
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement) Stmt 5		106,328		168,260
15	Total assets		1,877,652		1,969,412
Liabilities and Shareholders' Equity					
16	Accounts payable		123,277		117,851
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Stmt 6		132,767		161,581
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		483,682		534,317
21	Other liabilities (attach statement) Stmt 7		41,396		34,403
22	Capital stock		100		100
23	Additional paid-in capital		800,000		800,000
24	Retained earnings		371,430		396,160
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	(75,000)		(75,000)	
27	Total liabilities and shareholders' equity		1,877,652		1,969,412

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

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

<p>1 Net income (loss) per books 24,730</p> <p>2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)</p> <p>3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14p (itemize):</p> <p style="padding-left: 20px;">a Depreciation \$ 330</p> <p style="padding-left: 20px;">b Travel and entertainment \$</p> <p style="padding-left: 20px;">Stmt 8 15,055</p> <p>4 Add lines 1 through 3 40,115</p>	<p>24,730</p> <p>15,385</p> <p>40,115</p>	<p>5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):</p> <p style="padding-left: 20px;">a Tax-exempt interest \$</p> <p>6 Deductions included on Schedule K, lines 1 through 12 and 14p, not charged against book income this year (itemize):</p> <p style="padding-left: 20px;">a Depreciation \$</p> <p>7 Add lines 5 and 6</p> <p>8 Income (loss) (Schedule K, line 18). Line 4 less line 7 40,115</p>	<p>40,115</p>
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Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account

(see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1 Balance at beginning of tax year	261,649			
2 Ordinary income from page 1, line 21	37,717			
3 Other additions Stmt 9	2,398			
4 Loss from page 1, line 21	()			
5 Other reductions Stmt 10	(15,385)			
6 Combine lines 1 through 5	286,379			
7 Distributions				
8 Balance at end of tax year. Subtract line 7 from line 6	286,379			