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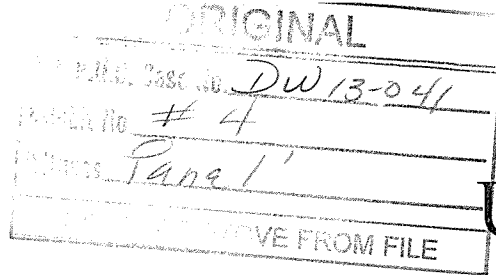
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Please respond to the Portsmouth office

March 14, 2013

Via Electronic and Overnight Mail

Debra A. Howland  
Executive Director/Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street; Suite 10  
Concord, NH 03301-2429



Re: Lakes Region Water Company, Inc.; DW ~~10-141~~ and 13-041

Dear Executive Director Howland:

At the Commission's hearing on March 6, 2013, the Commission directed that Lakes Region Water Company provide redacted copies of Exhibit 4, to remove the social security numbers contained in tax returns provided in response to Staff Data Requests 1-1 and 1-2. As directed by the Commission, I have prepared and enclose an original and seven replacement copies of Exhibit 4 for filing with the Commission. The Company requests that the enclosed replacement Exhibit 4 be used in lieu of that provided on March 6, 2013.

An electronic copy is being provided this day to all persons on the Commission's service list in this proceeding.

If you have any questions, please contact me.

Very truly yours,

Justin C. Richardson

jrichardson@uptonhatfield.com

JCR/sem

Enclosure(s)

cc: Service Lists DW #10-141 and DW #13-041

**DW 13-041**

**LAKES REGION WATER COMPANY, INC.**

**REQUEST FOR EMERGENCY RATE INCREASE**

**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

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**Data Request Received: 2/15/13**  
**Staff 1-1**

**Date of Response: 2/22/13**  
**Witness: Stephen P. St. Cyr**

**Request:** Please provide copies of the original and amended state and federal tax returns for 2007, 2008, and 2009. For each amended return, please provide a detailed explanation of the specific amendments made and a citation to the state or federal rule or statute that required such amendments.

**Response:** See Attachment 1-1 for the 2007, 2008 and 2009 original and amended federal and state tax returns. See Form 1120X, page 1, column c for the “correct amount” and page 2 for an explanation of the changes.

DW 13-041  
Lakes Region Water Company  
Response to  
Staff Data Request  
1-1  
Federal & State Tax Returns for  
2007, 2008 & 2009



<p style="text-align: center;">DW 13-041 Lakes Region Water Response Staff Request Index</p>				
Year	Item	Starting Page		Ending Page
	Cover Page		-	
	Index		-	
2007	2007	1	-	1
2007	1120 cororation Tax Return	2	-	12
2007	NH Business Tax Return	13	-	18
2007	1120X Amended Us Corparation Tax Return	19	-	25
2007	NH Amended Business Tax Return	26	-	31
2008	2008	32	-	32
2008	1120 cororation Tax Return	33	-	43
2008	NH Business Tax Return	44	-	49
2008	1120X Amended Us Corparation Tax Return	50	-	57
2008	NH Amended Business Tax Return	58	-	63
2009	2009	64	-	64
2009	1120 cororation Tax Return	65	-	77
2009	NH Business Tax Return	78	-	81.1
2009	1120X Amended Us Corparation Tax Return	82	-	89
2009	NH Amended Business Tax Return	90	-	95

2007

<b>Form 1120</b> Department of the Treasury Internal Revenue Service		<b>U.S. Corporation Income Tax Return</b> For calendar year 2007 or tax year beginning _____, 2007, ending _____, 2007, ending _____ ▶ See separate instructions.		OMB No. 1545-0123 <b>2007</b>
<b>A Check if:</b> 1 Consolidated return (attach Form 990) <input type="checkbox"/> 2 Life/estate consolidated return <input type="checkbox"/> 3 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 4 Personal service corp. (see instr.) <input type="checkbox"/> 5 Schedule M-3 attached <input type="checkbox"/>		<b>Name</b> Lakes Region Water Co., Inc. Number, street, and room or suite number, if a P.O. box, see instructions. P.O. Box 389 City or town Moultonboro state ZIP code NH 03254		<b>B Employer identification number</b>  <b>C Date incorporated</b> 01/28/1975 <b>D Total assets (see instructions)</b> \$ 2,854,269.
<b>E Check if:</b> (1) Initial return (2) Final return (3) Name change (4) Address change				
<b>1 a</b> Gross receipts or sales 787,970. <b>b</b> Less returns & allowances		<b>c Balance</b> 787,970.		
<b>2</b> Cost of goods sold (Schedule A, line 8)		<b>1c</b> 787,970.		
<b>3</b> Gross profit. Subtract line 2 from line 1c		<b>2</b> 24,292.		
<b>4</b> Dividends (Schedule C, line 19)		<b>3</b> 763,678.		
<b>5</b> Interest		<b>4</b>		
<b>6</b> Gross rents		<b>5</b> 3,158.		
<b>7</b> Gross royalties		<b>6</b> 1,860.		
<b>8</b> Capital gain net income (attach Schedule D (Form 1120))		<b>7</b>		
<b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		<b>8</b>		
<b>10</b> Other income (see instructions — attach schedule)		<b>9</b> -1,328.		
<b>11</b> Total income. Add lines 3 through 10		<b>10</b>		
<b>12</b> Compensation of officers (Schedule E, line 4)		<b>11</b> 767,368.		
<b>13</b> Salaries and wages (less employment credits)		<b>12</b> 53,040.		
<b>14</b> Repairs and maintenance		<b>13</b> 138,866.		
<b>15</b> Bad debts		<b>14</b>		
<b>16</b> Rents		<b>15</b> 7,241.		
<b>17</b> Taxes and licenses		<b>16</b> 6,400.		
<b>18</b> Interest		<b>17</b> 29,750.		
<b>19</b> Charitable contributions		<b>18</b> 76,595.		
<b>20</b> Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		<b>19</b>		
<b>21</b> Depletion		<b>20</b> 108,426.		
<b>22</b> Advertising		<b>21</b>		
<b>23</b> Pension, profit-sharing, etc. plans		<b>22</b>		
<b>24</b> Employee benefit programs		<b>23</b>		
<b>25</b> Domestic production activities deduction (attach Form 8903)		<b>24</b> 14,504.		
<b>26</b> Other deductions (attach schedule). See Other Deductions Statement.		<b>25</b>		
<b>27</b> Total deductions. Add lines 12 through 26		<b>26</b> 332,546.		
<b>28</b> Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		<b>27</b> 767,368.		
<b>29</b> Less: a Net operating loss deduction (see instructions) b Special deductions (Schedule C, line 20)		<b>28</b> 0.		
<b>30</b> Taxable income. Subtract line 29c from line 28 (see instructions)		<b>29c</b>		
<b>31</b> Total tax (Schedule J, line 10)		<b>30</b> 0.		
<b>32a</b> 2006 overpayment credited to 2007 <b>32a</b>		<b>31</b>		
<b>b</b> 2007 estimated tax payments <b>32b</b>				
<b>c</b> 2007 refund applied for on Form 4466 <b>32c</b>				
<b>e</b> Tax deposited with Form 7004 <b>32e</b>				
<b>f</b> Credits: (1) Form 2439 (2) Form 4136 <b>32f</b>				
<b>33</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>		<b>32g</b>		
<b>34</b> Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed <input type="checkbox"/>		<b>33</b>		
<b>35</b> Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid <input type="checkbox"/>		<b>34</b>		
<b>36</b> Enter amount from line 35 you want: Credited to 2008 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		<b>35</b>		
<b>Sign Here</b> Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer <i>Barbara K. Mason</i> Date <i>9/15/08</i> Title <i>Treasurer</i>		May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Paid Preparer's Use Only</b> Preparer's signature <i>[Signature]</i> Date <i>9/15/08</i> Firm's name (or yours if self-employed), address, and ZIP code NORMAN E ROSENCE 1207 GORHAM ROAD BOWNHAM NH 03046		Preparer's SSN or PTIN EIN Phone no. 603-499-8828		

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

CPA00212 12/27/07

Form 1120 (2007)

Staff 1-1

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

Page 2

1	Inventory at beginning of year	1	51,649.
2	Purchases	2	
3	Cost of labor	3	17,818.
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	69,467.
7	Inventory at end of year	7	45,175.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	24,292.

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

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?

Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation

Yes No

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

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	70	
3	Dividends on debt-financed stock of domestic and foreign corporations	80	
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		
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	100	
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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas A. Mason		100.0 %	50.0 %	%	53,040.
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					53,040.
3	Compensation of officers claimed on Schedule A and elsewhere on return					53,040.
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Form 1120 (2007)

1 Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ☐ 2

2 Income tax. Check if a qualified personal service corporation (see instructions) ☐ 3

3 Alternative minimum tax (attach Form 4626) ☐ 4

4 Add lines 2 and 3 5

5a Foreign tax credit (attach Form 1118) 6

b Credits from Forms 5735 and 8834 7

c General business credit. Check applicable box(es): ☐ Form 3800 ☐ Form 5884 ☐ Form 8846 8

d Credit for prior year minimum tax (attach Form 8827) ☐ Form 8860 ☐ Form 8912 9

e Bond credits from: ☐ Form 8866 ☐ Form 8902 ☐ Other (att schedule) 10

6 Total credits. Add lines 5a through 5e

7 Subtract line 6 from line 4

8 Personal holding company tax (attach Schedule PH (Form 1120))

9 Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697

10 Total tax. Add lines 7 through 9. Enter here and on page 1, line 31

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

1 Check accounting method:  
a ☐ Cash b ☒ Accrual  
c ☐ Other (specify) \_\_\_\_\_

2 See the instructions and enter the:  
a Business activity code no. 221300  
b Business activity Water Utility  
c Product or service Water Distribution

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  
If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deduction of such corporation for the tax year ending with or within your tax year. ☒ X

4 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

5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  
If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)  
Enter % owned 100.00 See Ques 5 Stmt ☒ X

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, Affiliations Schedule, 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 stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?  
If 'Yes,' enter: (a) Percentage owned \_\_\_\_\_ and (b) Owner's country \_\_\_\_\_ ☒ X

8 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 number of Forms 5472 attached \_\_\_\_\_

9 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.

10 Enter the amount of tax-exempt interest received or accrued during the tax year \_\_\_\_\_ \$

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

12 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.

13 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \_\_\_\_\_ \$

14 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 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \_\_\_\_\_ \$ ☒ X

BAA

Form 1120 (2007)

OPCA0234 07/09/07

Staff 1-1

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**Schedule L** Balance Sheets per Books

Beginning of tax year

Page 4

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....		889.		
2a Trade notes and accounts receivable .....	135,187.			2,150.
b Less allowance for bad debts .....			109,856.	
3 Inventories .....		135,187.		109,856.
4 U.S. government obligations .....		51,649.		45,175.
5 Tax-exempt securities (see instructions) .....				
6 Other current assets (attach schedule) .. Ln. 6. Stmt .....				
7 Loans to shareholders .....		126,346.		89,337.
8 Mortgage and real estate loans .....				
9 Other investments (attach schedule) .....				
10a Buildings and other depreciable assets .....	2,917,184.		3,341,180.	
b Less accumulated depreciation .....	832,550.	2,084,634.	855,386.	2,4
11a Depletable assets .....				
b Less accumulated depletion .....				
12 Land (net of any amortization) .....		121,957.		121,957.
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....				
14 Other assets (attach schedule) .....				
15 Total assets .....		2,520,662.		2,854,269.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable .....		269,710.		249,890.
17 Mortgages, notes, bonds payable in less than 1 year .....		49,750.		0.
18 Other current liabilities (attach sch) .. Ln. 18. Stmt .....		13,272.		24,369.
19 Loans from shareholders .....				
20 Mortgages, notes, bonds payable in 1 year or more .....		1,126,256.		1,327,197.
21 Other liabilities (attach schedule) .. Ln. 21. Stmt .....		530,566.		711,605.
22 Capital stock: a Preferred stock .....				
b Common stock .....	10,000.	10,000.	10,000.	10,000.
23 Additional paid-in capital .....		217,650.		217,650.
24 Retained earnings — Approp (att sch) .....				
25 Retained earnings — Unappropriated .....		303,458.		313,558.
26 Adjmnt to shareholders' equity (att sch) .....				
27 Less cost of treasury stock .....				
28 Total liabilities and shareholders' equity .....		2,520,662.		2,854,269.

**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 .....	-3,097.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books .....	0.	Tax-exempt interest \$ .....	
3 Excess of capital losses over capital gains .....		See Ln 7 Stmt .....	1,500.
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 .....	114,296.	a Depreciation .. \$ .....	108,426.
b Charitable contributions .. \$ .....	55.	b Charitable contribs \$ .....	
c Travel & entertainment .. \$ .....			
See Ln 5 Stmt .....	1,328.	9 Add lines 7 and 8 .....	109,926.
6 Add lines 1 through 5 .....	115,679.	10 Income (page 1, line 28) — line 6 less line 9 .....	2,656.

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

1 Balance at beginning of year .....	303,458.	5 Distributions .....	a Cash .....	
2 Net income (loss) per books .....	-3,097.	b Stock .....	c Property .....	
3 Other increases (itemize):		6 Other decreases (itemize):		
See Ln 3 Stmt .....	13,197.	7 Add lines 5 and 6 .....		
4 Add lines 1, 2, and 3 .....	313,558.	8 Balance at end of year (line 4 less line 7) .....		313,558.

CPCA0234 07/09/07

Form 1120 (2007)

Staff 1-1

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

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

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

24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No 24b If 'Yes,' is the evidence written? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
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25 Special allowance for qualified Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25

26 Property used more than 50% in a qualified business use:

27 Property used 50% or less in a qualified business use:

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28

29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29

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

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

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

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

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

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

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

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year					
44 Total. Add amounts in column (f). See the instructions for where to report					

FD20012 10/05/07

Form 4562 (2007)

Staff 1-1

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Form 4797

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

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

OMB No. 1545-0184

**2007**Attachment  
Sequence No. 27

Lakes Region Water Co., Inc.

Identifying number

1 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S  
(or substitute statement) that you are including on line 2, 10, or 20 (see instructions)**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)**

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	Water Trailer and Related Equip	12/01/01	06/15/07	1500	8604	11432	-1328

3 Gain, if any, from Form 4684, line 39

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824

6 Gain, if any, from line 32, from other than casualty or theft

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)

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

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


11 Loss, if any, from line 7

12 Gain, if any, from line 7 or amount from line 8, if applicable

13 Gain, if any, from line 31

14 Net gain or (loss) from Form 4684, lines 31 and 38a

15 Ordinary gain from installment sales from Form 6252, line 25 or 36

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824

17 Combine lines 10 through 16

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from Form 4797, line 18a. See instructions

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2007)

FDIZ1001 07/09/07

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Name as Shown on Return Lakes Region Water Co., Inc.		Employer ID No.
	To Current Year	To Next Year
<b>Form 1120:</b>		
Contributions carryover .....		
Net Operating Loss carryover .....		
AMT Net Operating Loss carryover .....		
<b>Schedule D (Form 1120):</b>		
Unused capital loss carryover .....		
Less current year capital loss carried back .....		
Carryover expiring next year due to 5 year limitation .....		
Capital loss carryover to next year .....		
<b>Form 2220:</b>		
Tax .....		
<b>Form 4562:</b>		
Section 179 carryover .....		43,225.
<b>Form 4797:</b>		
Nonrecaptured net Section 1231 losses — 2002 .....		
Nonrecaptured net Section 1231 losses — 2003 .....		
Nonrecaptured net Section 1231 losses — 2004 .....		
Nonrecaptured net Section 1231 losses — 2005 .....		
Nonrecaptured net Section 1231 losses — 2006 .....		
Nonrecaptured net Section 1231 losses — 2007 .....		
Total nonrecaptured net Section 1231 loss carryforwards .....		1,328.
		1,328.
<b>Form 8827:</b>		
Prior year Alternative Minimum Tax from Form 4626 .....		
Minimum tax credit carryforward .....		
<b>Form 3800:</b>		
General business credit carryforward .....		
<b>Form 6478:</b>		
Credit for alcohol used as fuel .....		
<b>Form 8835, Section B:</b>		
Electricity and refined coal production credit .....		
<b>Form 8844:</b>		
Empowerment zone employment and renewal community (EZRCE) credit carryforward .....		

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Chemicals	
Contracted Services	5,881.
Equipment Lease	46,606.
Insurance	1,427.
Legal & Accounting	37,492.
Membership Fees	29,446.
Misc Field Expenses	462.
Office Expense	7,960.
Operating Permits	22,591.
Electrical	5,100.
Purchased Water	63,225.
Rate Case Expenses	16,607.
Regulatory Expenses	35,712.
Telephone	3,552.
Water Tests	9,824.
Vehicle Expenses	24,263.
Amortization of Contribution in Aid of Construction	38,763.
	-16,365.
Total	
	<u>332,546.</u>

Form 1120, Page 4, Schedule L, Line 6  
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Deferred expense		
Unamortized debt financing	40,995.	38,348.
Misc deferred costs	14,153.	12,365.
	71,198.	38,624.
Total		
	<u>126,346.</u>	<u>89,337.</u>

Form 1120, Page 4, Schedule L, Line 18  
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued Expenses		
	13,272.	
Total		
	<u>13,272.</u>	

Form 1120, Page 4, Schedule L, Line 21  
Ln 21 Stmt

Other Liabilities:	Beginning of tax year	End of tax year
Deferred income taxes		
Contributions in Aid of Construction (net)	105,511.	105,511.
	425,055.	606,094.
Total		
	<u>530,566.</u>	<u>711,605.</u>

Form 1120, Schedule K, Corporation Ownership Information  
Ques 5 Stmt

Name

Thomas A Mason

ID No.

Barbara G Mason

Form 1120, Page 4, Schedule M-1, Line 5  
Ln 5 Stmt

form 4797 loss carryfwd	1,328.
Total	1,328.

Form 1120, Page 4, Schedule M-1, Line 7  
Ln 7 Stmt

gain on equipment sale	1,500.
Total	1,500.

Form 1120, Page 4, Schedule M-2, Line 3  
Ln 3 Stmt

unreconcilable computer difference	13,194.
	3.
Total	13,197.

Form 4562, line 6

## Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
Meters	11,474.	11,474.
Tools & Misc Equip Distribution	3,813.	3,813.
Computer Equipment	13,729.	13,729.
Total		29,016.

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## Supporting Statement of:

Form 1120, pl-2/Line 1a

Description	Amount
Water Availability	
Disconnects	721,891.
Meter Maintenance	15,210.
Maintenance on Customer Property	425.
Sales to Outside Contractors	2,154.
Rate Case Surcharge	12,579.
	35,711.
Total	787,970.

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FORM  
**BT-SUMMARY**

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS TAX SUMMARY**

For the CALENDAR year **2007** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

FOR DRA USE ONLY

**SEQUENCE # 1**

**STEP 1**  
Print or Type

☐ Check box if there has been a name change since last filing

PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
PROPRIETORSHIP - SPOUSE'S LAST NAME	FIRST NAME & INITIAL	SPOUSE'S SOCIAL SECURITY NUMBER
CORPORATE, PARTNERSHIP, FIDUCIARY, NON-PROFIT OR SMLLC NAME <b>LAKE REGION WATER COMPANY, INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER
NUMBER & STREET ADDRESS		DEPARTMENT IDENTIFICATION NUMBER (DIN)
ADDRESS (continued) <b>PO BOX 389</b>		PRINCIPAL BUSINESS ACTIVITY CODE (Federal)
CITY/TOWN, STATE & ZIP CODE <b>DUNBARTON NH 03254</b>		

**STEP 2**  
Return Type and Federal Information

You must answer the following two questions, or your return will be considered incomplete, and may be subject to penalties.

Are You Required To File A BET Return (Receipts Over \$150,000)? YES ☐ NO ☐ If yes, you must attach a completed return to this BT-Summary.

Are You Required To File A BPT Return (Business Income Over \$50,000)? YES ☐ NO ☐

☒ ② CORPORATION ☐ ③ PARTNERSHIP ☐ ① PROPRIETORSHIP ☐ AMENDED RETURN  
☐ ② COMBINED GROUP ☐ ⑤ NON-PROFIT ☐ ④ FIDUCIARY ☐ FINAL RETURN

☐ Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS.  
**DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 Instructions.**

**STEP 3**  
PLEASE COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY

1 (a) Business Enterprise Tax Net of Statutory Credits	1(a)	<b>2014</b>
(b) Business Profits Tax Net of Statutory Credits	1(b)	<b>2014</b>
2 PAYMENTS:		
(a) Tax paid with application for extension	2(a)	
(b) Total of this year's estimated tax payments	2(b)	
(c) Credit carryover from prior tax period	2(c)	
(d) Paid with original return (Amended returns only)	2(d)	
3 TAX DUE: (Line 1 minus Line 2)		<b>2014</b>
4 ADDITIONS TO TAX:		
(a) Interest (See Instructions)	4(a)	
(b) Failure to Pay (See Instructions)	4(b)	
(c) Failure to File (See Instructions)	4(c)	
(d) Underpayment of Estimated Tax (See Instructions)	4(d)	
5 (a) Subtotal of Amount Due (Line 3 plus Line 4)		
5 (b) Return Payment Made Electronically	5(b)	
5 BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.revenue.nh.gov">www.revenue.nh.gov</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape, your payment with this return.		<b>2014</b>
6 OVERPAYMENT: [Line 1 plus Line 4 minus Lines 2 and 5(b)]	6	
7 Apply overpayment amount on Line 6 to:		
(a) Credit - Next Year's tax liability	7 (a)	
(b) Refund - Allow 12 weeks for processing	7 (b)	

**STEP 5**  
Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

FOR DRA USE ONLY

☐ POA: By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

**X** *Barbara S. Mason* 9/14/08 *Norman E. Poubelle* 9/14/08  
SIGNATURE (IN INK) DATE SIGNATURE (IN INK) OF PREPARED BY OTHER THAN TAXPAYER DATE

PRINT SIGNATORY NAME & TITLE  
**NORMAN E. POUBELLE**

**X** SPOUSE'S SIGNATURE (IN INK) (PROPRIETORSHIP ONLY) DATE  
*Barbara S. Mason* 9/14/08

PRINT PREPARED BY NAME & TAX IDENTIFICATION NUMBER  
**1207 COLLEGE ROAD**

PREPARED BY ADDRESS  
**DUNBARTON NH 03254**

CITY/TOWN, STATE & ZIP CODE

NH DRA  
MAIL PO BOX 837  
TO: CONCORD NH 03302-0837

BT-SUMMARY  
Rev 09/2007

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NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
PARTNERSHIPS, FIDUCIARIES AND NON-PROFIT ORGANIZATIONSYOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS RECEIPTS WERE GREATER  
THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.

SEQUENCE # 2

For the CALENDAR year **2007** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

<b>STEP 1</b> Please Print or Type Name	CORPORATE, PARTNERSHIP, FIDUCIARY, NON-PROFIT NAME <b>LAKE REGION WATER COMPANY, INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER <b>[REDACTED]</b>	
	SINGLE MEMBER LIMITED LIABILITY COMPANY		DEPARTMENT IDENTIFICATION NUMBER	
If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income of a capital stock or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. If you need Form BET-80 and it is not included in your booklet, it may be obtained from our web site at <a href="http://www.revenue.nh.gov">www.revenue.nh.gov</a> or by calling (603) 271-2192.				
<b>STEP 2</b> Compute the Taxable Enter- prise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	191,906	
	3 Interest Paid or Accrued	3	96,595	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			
<b>STEP 3</b> Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			4 268,501
	6 STATUTORY CREDITS			5 2,014
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (unused portion, see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 7/01/07.	6(d)		
	7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			6
			7 2,014	

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATION BUSINESS PROFITS TAX RETURN

For the CALENDAR year **2007** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
 Due Date for CALENDAR year filers is on or before March 17, 2008 or the 15th day of the 3rd month after the close of the taxable period.  
**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

SEQUENCE # 4A

STEP 1 Print or Type	NAME OF CORPORATION <b>LAKE REGION WATER COMPANY, INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER
STEP 2 Questions	<p>A Is the corporation filing its tax return on an IRS approved 52/53 week tax year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>B Does the corporation file with the IRS as part of a federal consolidated return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>C Is this corporation affiliated with any other business organization that files business tax returns with this department? Please identify by name and FEIN: _____ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>D Does the corporation file as part of a unitary group in any other jurisdiction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>E Is this a "combined" business profits tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If the answer to "E" is yes, do not complete this return. You must file a NH-1120-WR return. You may download the Business tax forms for Combined Groups from our web site at <a href="http://www.revenue.nh.gov">www.revenue.nh.gov</a> or call (603) 271-2192 to request the business tax booklet for Combined Groups.</p>	
STEP 3 Figure Your Taxes	<p>1 Gross Business Profits</p> <p>(a) Taxable Income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is taken enter the amount from Line 5 of the Corporate Schedule R. (Attach copy of federal return) 1(a) <b>&lt; 37529 &gt;</b></p> <p>(b) Separate entity or passive loss limitation adjustments 1(b) _____</p> <p>(c) New Hampshire Gross Business Profits [Combine Line 1(a) and Line 1(b)] (If negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions) 1(c) <b>&lt; 37529 &gt;</b></p> <p>2 Additions and Deductions</p> <p>(a) Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state) 2(a) <b>2014</b></p> <p>(b) New Hampshire Net Operating Loss Deduction (Attach Form DP-132) 2(b) _____</p> <p>(c) Interest on direct US Obligations 2(c) _____</p> <p>(d) Wage adjustment required by IRC Section 280C 2(d) _____</p> <p>(e) Foreign dividend gross-up (IRC Section 78) 2(e) _____</p> <p>(f) Add back expenses related to constitutionally exempt income 2(f) _____</p> <p>(g) Research contribution (See RSA 77-A:4 XII. Attach computation) (Attach a schedule detailing name, FEIN and amount) 2(g) _____</p> <p>(h) Interest and Dividends subject to tax under RSA 77 2(h) _____</p> <p>(i) Add back return of capital from Qualified Investment Capital Company... 2(i) _____</p> <p>(j) Combine Lines 2(a) through 2(i). (If negative, show in parenthesis) 2(j) <b>2014</b></p> <p>3 Adjusted Gross Business Profits (Line 1(c) adjusted by Line 2(j). If negative, show in parenthesis) 3 <b>&lt; 35515 &gt;</b></p> <p>4 New Hampshire Apportionment (Attach Form DP-80) 4 _____</p> <p>5 New Hampshire Taxable Business Profits (Line 3 x Line 4. If negative, enter zero.) 5 <b>X</b></p> <p>6 New Hampshire Business Profits Tax (Line 5 x 8.5%) 6 <b>X</b></p> <p>7 Credits allowed under RSA 77-A:5 (Attach Form DP-160) 7 _____</p> <p>8 Subtotal (Line 6 minus Line 7) 8 <b>X</b></p> <p>9 New Hampshire Business Enterprise Tax Credit 9 <b>2014</b></p> <p>10 New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 8 or Line 9) 10 <b>X</b></p> <p>11 New Hampshire Business Profits Tax Net of Statutory Credits (Line 8 minus Line 10) 11 <b>X</b></p>	

ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY.  
 THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.



NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATE BUSINESS PROFITS TAX RECONCILIATION OF  
NEW HAMPSHIRE GROSS BUSINESS PROFITS SCHEDULE R

SEQUENCE #4B

For the CALENDAR year 2007 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME <u>LAKES REGION WATER COMPANY INC</u>	FEDERAL EMPLOYER IDENTIFICATION NUMBER DEPARTMENT IDENTIFICATION NUMBER <u>[REDACTED]</u>
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This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal corporate income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000. The revised calculation of federal income shall be used for the New Hampshire Gross Business Profits on Line 1(a) of the NH-1120.

1	Federal Income (Loss) from business activities from return filed with IRS .....	1	<u>23</u>
2	Additions required to federal income:		
	(a) IRC Section 179 expense taken on federal return for assets placed in service during the current taxable period .....	2(a)	<u>23 704</u>
	(b) Bonus depreciation on assets acquired and placed in service after September 10, 2001, and before January 1, 2005 (January 1, 2006 for certain assets) (Federal Form 4562) .....	2(b)	
	(c) Current period depreciation reported on federal return for assets for which additional IRC Section 179 deductions were reported in any taxable period and/or for which bonus depreciation was reported in any taxable period .....	2(c)	<u>23</u>
	(d) Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000. ....	2(d)	
	(e) Total additions [Sum of Line 2(a) through Line 2(d)] .....	2(e)	<u>23 704</u>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service in 2001 through 2007 using the IRC in effect pursuant to RSA 77-A.)		
	(a) IRC Section 179 expense allowed on assets placed in service during the current taxable period .....	3(a)	<u>20 000</u>
	(b) Current taxable period depreciation allowable for assets for which the bonus depreciation deductions reported for any taxable period and/or additional IRC Section 179 deductions for any taxable period reported on the federal return .....	3(b)	<u>41 233</u>
	(c) Other deductions required due to revisions to the IRC in effect on December 31, 2000 ....	3(c)	
	(d) Total deductions [Sum of Line 3(a) through Line 3(c)] .....	3(d)	<u>61 233</u>
4	Adjustments required on sale of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) or on which additional IRC Section 179 expense was taken. (The federal calculation of any gain or loss on the sale of these assets must be adjusted to reflect the different New Hampshire basis for the assets.)		
	(a) Federal gain (loss) on sale of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) or on which the additional IRC Section 179 expense was taken .....	4(a)	
	(b) Gross sales price for assets acquired and placed in service after September 10, 2001, and before January 1, 2005 (January 1, 2006 for certain assets) or on which the additional IRC Section 179 expense was taken, and sold in the current taxable period .....	4(b)	
	(c) New Hampshire basis of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) or on which additional IRC Section 179 expense was taken, and sold in the current taxable period .....	4(c)	
	(d) New Hampshire gain (New Hampshire loss) on sale of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) on which additional IRC Section 179 expense was taken. [Line 4(b) minus Line 4(c)] .....	4(d)	
	(e) Total adjustments for sale of assets [Line 4(d) minus 4(a)] .....	4(e)	
5	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(d) plus Line 4(e) (Enter this amount on Line 1(a) of your New Hampshire Corporate Business Profits Tax return) .....	5	<u>39 529</u>

This schedule must be attached to your Corporate Business Profits Tax Return and you must check the box on the front of the return indicating Bonus Depreciation.

Corp  
Schedule R  
Rev. 09/2007

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NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
NET OPERATING LOSS (NOL) DEDUCTION

For the CALENDAR year 2007 or other taxable period beginning Mo Day Year and ending Mo Day Year

SEQUENCE # 7

NAME LAKES REGION WATER SUPPLY INC FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER

COLUMN (A) Ending date of taxable period in which NOL occurred.			COLUMN (B) New Hampshire net operating loss available for carryforward from Net Operating Loss Worksheets.			COLUMN (C) Amount of NOL carryforward which has been used in taxable periods prior to this taxable period.			COLUMN (D) Amount of NOL to be used as a deduction in this taxable period.			COLUMN (E) Amount of NOL to carryforward to future taxable period.		
Mo	Day	Yr												
12	31	2006	20441			8			8			20441		
11 Amount of NOL carryforward deducted this taxable period. (Sum of Column D, Lines 1-10)						11								

This is the amount to be reported on the applicable Business Profits Tax return. NOTE: Column (B) less Column (C) should equal the sum of Column (D) plus Column (E). This amount cannot exceed the New Hampshire Adjusted Gross Business Profits before the NOL deduction.

WHEN TO USE THIS FORM	Use this form to detail the NOL carryforward amounts which comprise the current tax period NOL deduction taken on Form NH-1040, NH-1041, NH-1065 or NH-1120. This form must be attached to the New Hampshire tax return in the taxable period the NOL deduction is claimed. No loss amounts incurred before 7/1/97, shall contribute to the net operating loss deduction.
NAME AND SSN	Enter name and SSN, FEIN, or DIN in the space provided. Social Security Numbers are required pursuant to the authority granted by 42 U.S.C.S., Section 405. Wherever SSN's or FEIN's are required, taxpayers who have been issued a DIN, shall use their DIN only, and not SSN or FEIN.

Column (A)	Enter the month, day, and year of each taxable period from which the NOL is being carried forward.												
Carry Forward	A net operating loss may be carried forward for the following number of years: <table border="0"> <tr> <td>Tax Year Ending On or Before</td> <td>Carryforward</td> <td>Losses Incurred</td> </tr> <tr> <td>6/30/02</td> <td>5 years</td> <td>1/1/89 - 6/30/97</td> </tr> <tr> <td>Tax Year ending On or After</td> <td>Carryforward</td> <td>Losses Incurred</td> </tr> <tr> <td>7/1/02</td> <td>10 years</td> <td>On or After 7/1/97</td> </tr> </table>	Tax Year Ending On or Before	Carryforward	Losses Incurred	6/30/02	5 years	1/1/89 - 6/30/97	Tax Year ending On or After	Carryforward	Losses Incurred	7/1/02	10 years	On or After 7/1/97
Tax Year Ending On or Before	Carryforward	Losses Incurred											
6/30/02	5 years	1/1/89 - 6/30/97											
Tax Year ending On or After	Carryforward	Losses Incurred											
7/1/02	10 years	On or After 7/1/97											
Column (B)	Enter the amount of the NOL which is available for carryforward purposes. <p>For tax periods ending before July 1, 2005, the carryforward amount is computed by first carrying the loss back three years and then offsetting the loss by any profits during those three tax periods. (However, the carryback cannot result in an amended return or a refund in those carryback years). If a loss remains after carryback and offset, then the remaining loss must be apportioned using the apportionment percentage of the loss period. The apportioned loss cannot exceed the following limits based on the tax period the loss was incurred:</p> <p>From July 1, 2003 to June 30, 2004, \$500,000 is the maximum amount that may be carried forward. From July 1, 2004 to June 30, 2005, \$750,000 is the maximum amount that may be carried forward. Prior to July 1, 2003, the maximum amount that may be carried forward is \$250,000.</p> <p>For tax periods ending on or after July 1, 2005, no carryback is required or allowed. In addition, the maximum amount that may be carried forward was increased to \$1,000,000.</p>												
Column (C)	Enter the NOL amount that was claimed as a deduction in the prior taxable period(s).												
Column (D)	Enter only those amounts that will be claimed as a deduction this taxable period.												
Column (E)	Enter the excess amount(s) available for future deduction.												

Administrative Rule Rev 303 of the New Hampshire Business Profits Tax Includes guidance on how to compute the NOL. The RSA's and administrative rules regarding NOL provisions (RSA 77-A:4,XIII and Rev 303.03) may be obtained from our web site at [www.revenue.nh.gov](http://www.revenue.nh.gov) or by visiting any New Hampshire Depository Library or the New Hampshire State Library, 20 Park Street, Concord, NH 03301, where copies may be made for a fee. Forms may be ordered for free by calling our forms line at (603) 271-2192. If you do not have access to the internet, or if you have specific questions concerning NOL provisions, please contact Central Taxpayer Services, telephone (603) 271-2191. Individuals who need auxiliary aids for effective communications in programs and services of the New Hampshire Department of Revenue Administration are invited to make their needs and preferences known. Individuals with hearing or speech impairments may call TDD Access: Relay NH 1-800-735-2964.

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NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATION BUSINESS PROFITS TAX RETURN  
LINE-BY-LINE INSTRUCTIONS (continued)

<b>STEP 3</b> (continued)	Line 3	<b>ADJUSTED GROSS BUSINESS PROFITS</b> Enter the total of Line 1(c) adjusted by Line 2(j). Show negative amounts in parenthesis, e.g. (\$50).
	Line 4	<b>NEW HAMPSHIRE APPORTIONMENT</b> Corporations which have business activity both inside and outside New Hampshire AND which are subject to income taxes, a franchise tax measured by net income or capital stock tax in another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, whether or not actually imposed by the other state, must apportion their gross business profits to New Hampshire by using Form DP-80, Apportionment of Income. After completing the Form DP-80, enter the apportionment percentage on Line 4 of your Form NH-1120. Show to six decimal places. All others enter 1.00 on Line 4.
	Line 5	Enter the product of Line 3 multiplied by Line 4. If negative, enter zero.
	Line 6	Enter the product of Line 5 multiplied by 8.5%.
<b>STEP 4</b> Figure Your Credits	Line 7	<b>CREDITS</b> Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160. Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.
	Line 8	Enter the amount of Line 6 minus Line 7.
	Line 9	Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this years Business Profits Tax, complete the following worksheet.

	Taxable period ended 12/31/06	Taxable period ended 12/31/07	Taxable period ended	Taxable period ended	Taxable period ended
A BET Credit Carryforward Amount *See note below	0	2021			
B Current Period BET liability from Form BET, Line 5	2021	2014			
C Expiring BET Credit Carryforward **See note below	( 0 )	( 0 )			
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	2021	4035			
E Current Period BPT liability from Form NH-1120, Line 8	0	0			
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120	0	0			
G Credit Carryforward Amount (Line D minus Line F) Carry this amount forward and indicate on Line A in subsequent period.	2021	4035			

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.  
 \*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

<b>STEP 4</b> Figure Your Credits	Line 10	Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.
	Line 11	Enter the amount of Line 8 minus Line 10. Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

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**Form 1120X**  
(Rev. January 2008)  
Department of the Treasury  
Internal Revenue Service

**Amended U.S. Corporation  
Income Tax Return**

OMB No. 1545-0132  
For tax year ending 2011  
(Enter month and year.)  
Employer identification number [REDACTED]

Please Type or Print

Name LAKES REGION WATER COMPANY, INC

Number, street, and room or suite no. (If a P.O. box, see instructions.)  
P.O. Box 329

City or town, state, and ZIP code  
MILLINGTON, NH 03254

Telephone number (optional)  
(603) 426 2343

Enter name and address used on original return (If same as above, write "Same.")  
SAME

Internal Revenue Service Center where original return was filed CINCINNATI OH

## Fill in applicable items and use Part II on the back to explain any changes

Part I	Income and Deductions (see instructions)	(a) As originally reported or as previously adjusted	(b) Net change—Increase or (decrease)—explain in Part II	(c) Correct amount
1	Total income (Form 1120 or 1120-A, line 11)	767,368	X	767,368
2	Total deductions (total of lines 27 and 29c, Form 1120, or lines 23 and 25c, Form 1120-A)	767,368	X	767,368
3	Taxable income. Subtract line 2 from line 1	X		X
4	Tax (Form 1120, line 31, or Form 1120-A, line 27)	X		X

## Payments and Credits (see instructions)

5a	Overpayment in prior year allowed as a credit	5a		
b	Estimated tax payments	5b		
c	Refund applied for on Form 4466	5c		
d	Subtract line 5c from the sum of lines 5a and 5b	5d		
e	Tax deposited with Form 7004	5e		
f	Credit from Form 2439	5f		
g	Credit for federal tax on fuels and other refundable credits	5g		
6	Tax deposited or paid with (or after) the filing of the original return	6		X
7	Add lines 5d through 6, column (c)	7		
8	Overpayment, if any, as shown on original return or as later adjusted	8		
9	Subtract line 8 from line 7	9		

## Tax Due or Overpayment (see instructions)

10	Tax due. Subtract line 9 from line 4, column (c). If paying by check, make it payable to the "United States Treasury"	10	X
11	Overpayment. Subtract line 4, column (c), from line 9	11	
12	Enter the amount of line 11 you want: Credited to 20 <u>estimated tax</u> Refunded	12	

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return 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 [Signature] Date 2/28/12 Title PRESIDENT

Paid Preparer's Use Only

Preparer's signature [Signature] Date 2/28/12 Check if self-employed ☒ Preparer's SSN or PTIN [REDACTED]

Firm's name (or yours if self-employed), address, and ZIP code MILWAUKEE WISCONSIN 53201 EIN [REDACTED]

Phone no. (603) 496 7907

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Cat. No. 11530Z

Form 1120X 1-12-08

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**Part II**

Explanation of Changes to Items in Part I (Enter the line number from page 1 for the items you are changing, and give the reason for each change. Show any computation in detail. Also, see What To Attach on page 3 of the instructions.)

If the change is due to a net operating loss carryback, a capital loss carryback, or a general business credit carryback, see Carryback Claims on page 3, and check here ☐

THE COMPANY NEGOTIATED A RETROACTIVE ADJUSTMENT OF A LARGE NOTE. THE NOTE WAS CONVERTED TO EQUITY AND THE NOTE HOLDER RECEIVED ALL CLAIMS TO ACCRUED INTEREST ON THE NOTE.

THE NEGOTIATED SETTLEMENT HAD THE FOLLOWING EFFECTS ON THE PREVIOUSLY FILED RETURN.

	AS FILED	CHANGE	AMENDED FILING
PAGE 1 - LINE 18 INTEREST	76,595	(18,019)	58,576
PAGE 1 - LINE 20 DEPRECIATION	108,426	18,019	126,445
PAGE 4 - LINE 18(d) OTHER	24,369	(18,019)	6,350
PAGE 4 - LINE 20(d) MORTGAGES	1,327,197	(224,703)	1,102,494
PAGE 4 - LINE 23 ADDITIONAL CAPITAL	217,650	224,703	442,353
PAGE 4 - LINE 25 RETAINED EARNINGS	313,558	18,019	331,577
PAGE 4 - SCH M-1 LINE 1	(3,097)	18,019	14,922
PAGE 4 - SCH M-1 LINE 8(e)	108,426	18,019	126,445
PAGE 1 - SCH M-2 LINE 2	(3,097)	18,019	14,922

### Form 4592

LINE 11 - BUSINESS INCOME LIMIT	23704	18019	41723
LINE 12 - SECTION 179 EXPENSE	23704	18019	41723
LINE 13 CARRYOVER TO 2005	43225	(18019)	25206

BECAUSE THE COMPANY WAS LIMITED IN ITS USE OF SECTION 179 TO THE BUSINESS INCOME LIMIT AND THE COMPANY HAD SUFFICIENT SECTION 179 DEDUCTION TO ABSORB THE INTEREST CHANGE, THERE WAS NO CHANGE TO TAXABLE INCOME.

ORIGINAL RETURN WITH CHANGES SHOWN ARE INCLUDING Form 1120X (Rev. 1-2008) FOR EXPLANATION PURPOSES ONLY.

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AMENDED 1120 X FILED 2/24/2012

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

**U.S. Corporation Income Tax Return**  
For calendar year 2007 or tax year beginning \_\_\_\_\_, 2007, ending \_\_\_\_\_  
See separate instructions.

OMB No. 1545-0123  
**2007**

**A Check if:**  
1 ☐ a Consolidated return (attach Form 990)  
2 ☐ b Life/nonlife consolidated return  
3 ☐ Personal holding co. (attach Sch PH)  
4 ☐ Personal service corp. (see instr)  
5 ☐ Schedule M-3 attached

**Name**  
Lakes Region Water Co., Inc.  
Number, street, and room or suite number. If a P.O. box, see instructions.  
P.O. Box 389  
City or town  
Moultonboro  
state  
NH  
ZIP code  
03254

**B Employer identification number**  
[REDACTED]

**C Date incorporated**  
01/28/1975

**D Total assets (see instructions)**  
\$ 2,854,269.

**E Check if:** (1) Initial return (2) Final return (3) Name change (4) Address change

**INCOME**

1 a Gross receipts or sales 787,970. b Less returns & allowances c Balance ..  
2 Cost of goods sold (Schedule A, line 8)  
3 Gross profit. Subtract line 2 from line 1c  
4 Dividends (Schedule C, line 19)  
5 Interest  
6 Gross rents  
7 Gross royalties  
8 Capital gain net income (attach Schedule D (Form 1120))  
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)  
10 Other income (see instructions — attach schedule)  
11 Total income. Add lines 3 through 10

**DEDUCTIONS**

12 Compensation of officers (Schedule E, line 4)  
13 Salaries and wages (less employment credits)  
14 Repairs and maintenance  
15 Bad debts  
16 Rents  
17 Taxes and licenses  
18 Interest  
19 Charitable contributions  
20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)  
21 Depletion  
22 Advertising  
23 Pension, profit-sharing, etc. plans  
24 Employee benefit programs  
25 Domestic production activities deduction (attach Form 8903)  
26 Other deductions (attach schedule) .. See Other Deductions Statement  
27 Total deductions. Add lines 12 through 26  
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11  
29 Less: a Net operating loss deduction (see instructions) b Special deductions (Schedule C, line 20)  
29a 29b  
30 Taxable income. Subtract line 29c from line 28 (see instructions)  
31 Total tax (Schedule J, line 10)  
32a 2006 overpayment credited to 2007 .. 32a  
b 2007 estimated tax payments .. 32b  
c 2007 refund applied for on Form 4466 .. 32c  
d Tax deposited with Form 7004 .. 32d  
e Credits: (1) Form 2439 (2) Form 4136 .. 32e  
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached .. 32f  
34 Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed .. 32g  
35 Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid .. 33  
36 Enter amount from line 35 you want: Credited to 2008 estimated tax .. 34  
Refunded .. 35

**TAX AND PAYMENTS**

**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.  
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 \_\_\_\_\_ Date \_\_\_\_\_  
Firm's name (or yours if self-employed), address, and ZIP code \_\_\_\_\_  
Check if self-employed ☐ Preparer's SSN or PTIN \_\_\_\_\_  
EIN \_\_\_\_\_  
Phone no. \_\_\_\_\_

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Form 1120 (2007) Lakes Region Water Co., Inc.

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

Page 2

1	Inventory at beginning of year	1	
2	Purchases	2	51,649.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	17,818.
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	69,467.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	45,175.
9a	Check all methods used for valuing closing inventory:	9	24,292.

(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

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

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

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

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		42	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		48	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		70	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		80	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		100	
8 Dividends from wholly owned foreign subsidiaries			
9 Total. Add lines 1 through 8. See instructions for limitation	24,292.00		
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		100	
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	24,292.00		
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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas A Mason		100.0 %	50.0 %	%	53,040.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					53,040.
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					53,040.

Form 1120 (2007)

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Form 1120 (2007) Lakes Region Water Co., Inc.

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

Page 3

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)		
3	Alternative minimum tax (attach Form 4626)		2
4	Add lines 2 and 3		3
5a	Foreign tax credit (attach Form 1118)		4
b	Credits from Forms 5735 and 8834	5a	
c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 8844 <input type="checkbox"/> Form 8846	5b	
d	Credit for prior year minimum tax (attach Form 8827)	5c	
e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912	5d	
6	Total credits. Add lines 5a through 5e	5e	
7	Subtract line 6 from line 4		6
B	Personal holding company tax (attach Schedule PH (Form 1120))		7
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		8
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		9

**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. <u>221300</u> b Business activity <u>Water Utility</u> c Product or service <u>Water Distribution</u>		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deduction of such corporation for the tax year ending with or within your tax year.	X	
4	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	
5	At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned <u>100.00</u> See Ques 5 Stmt	X	
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, Affiliations Schedule, 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 stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		X
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 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) _____		
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 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. _____ \$		X

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Form 1120 (2007)

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Form 1120 (2007) Lakes Region Water Co., Inc.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year		Page 4
Assets		(a)	(b)	(c)	(d)	
1 Cash						
2a Trade notes and accounts receivable			889.			
b Less allowance for bad debts		135,187.		109,856.		2,150.
3 Inventories			135,187.			109,856.
4 U.S. government obligations			51,649.			45,175.
5 Tax-exempt securities (see instructions)						
6 Other current assets (attach schedule) .. Ln. 6. Stmt						
7 Loans to shareholders			126,346.			89,337.
8 Mortgage and real estate loans						
9 Other investments (attach schedule)						
10a Buildings and other depreciable assets		2,917,184.		3,341,180.		
b Less accumulated depreciation		832,550.	2,084,634.	855,386.		2,485,794.
11a Depletable assets						
b Less accumulated depletion						
12 Land (net of any amortization)			121,957.			121,957.
13a Intangible assets (amortizable only)						
b Less accumulated amortization						
14 Other assets (attach schedule)						
15 Total assets			2,520,662.			2,854,269.
Liabilities and Shareholders' Equity						
16 Accounts payable			269,710.			249,890.
17 Mortgages, notes, bonds payable in less than 1 year			49,750.			0.
18 Other current liabilities (attach sch) .. Ln. 18. Stmt			13,272.			24,369. 6350
19 Loans from shareholders						
20 Mortgages, notes, bonds payable in 1 year or more			1,126,256.			1,327,197. 1102 494
21 Other liabilities (attach schedule) .. Ln. 21. Stmt			530,566.			711,605.
22 Capital stock: a Preferred stock						
b Common stock		10,000.	10,000.	10,000.		10,000.
23 Additional paid-in capital			217,650.			217,650. 442 353
24 Retained earnings -- Appropri (att sch)						
25 Retained earnings -- Unappropriated			303,458.			313,558. 3315 77
26 Adjust to shareholders' equity (att sch)						
27 Less cost of treasury stock						
28 Total liabilities and shareholders' equity			2,520,662.			2,854,269.

**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	14922 - 3,097.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books	0.	Tax-exempt interest \$	
3 Excess of capital losses over capital gains		See Ln 7 Stmt	1,500.
4 Income subject to tax not recorded on books this year (itemize):			1,500.
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 .. \$	114,296.	a Depreciation .. \$	126,445.
b Charitable contributions .. \$	55.	b Charitable contribs \$	
c Travel & entertainment .. \$			
See Ln 5 Stmt	115,679.		108,426.
6 Add lines 1 through 5	112,502.	9 Add lines 7 and 8	109,926.
		10 Income (page 1, line 28) -- line 6 less line 9	2,656.

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

1 Balance at beginning of year	303,458.	5 Distributions	a Cash ..	
2 Net income (loss) per books	14922 - 3,097.	b Stock	c Property ..	
3 Other increases (itemize):		6 Other decreases (itemize):		
See Ln 3 Stmt	13,197.			
4 Add lines 1, 2, and 3	331577 313,558.	7 Add lines 5 and 6		
		8 Balance at end of year (line 4 less line 7)		313,558. 3315 77

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Form 1120

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Form **4562**  
Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-0172  
**2007**  
Attachment  
Sequence No. 67  
Identifying number

Name(s) shown on return  
**Lakes Region Water Co., Inc.**

Business or activity to which this form relates  
**Form 1120 Line 20**

**Part I Election To Expense Certain Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000.
2	Total cost of section 179 property placed in service (see instructions)	2	66,929.
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	125,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
Pumps		37,913.	37,913.
See Additional Section 179 Property Statement		7	29,016.
7	Listed property. Enter the amount from line 29	8	66,929.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	9	66,929.
9	Tentative deduction. Enter the smaller of line 5 or line 8	10	66,929.
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	11	23,704.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	12	23,704.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	13	43,225.
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12		

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

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

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

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

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	66,976.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2007 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property		57,648.	5 yrs	HY	db 150	11,530.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property		111,492.	20 yrs	HY	db150	4,181.
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	various	23,882.	27.5 yrs	MM	S/L	
	various	161,390.	39 yrs	MM	S/L	300.
			30/50 yrs	MM	S/L	1,735.

**Section C - Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System**

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

**Part IV Summary** (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return, Partnerships and S corporations - see instructions	22	108,426.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDX20812 10/05/07

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FORM  
BT-SUMMARYNEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS TAX SUMMARYFor the CALENDAR year **2007** or other taxable period beginning Mo Day Year and ending Mo Day Year

FOR DRA USE ONLY

SEQUENCE # 1

STEP 1 Print or Type  <input type="checkbox"/> Check box if there has been a name change since last filing	PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
	PROPRIETORSHIP - SPOUSE'S LAST NAME	FIRST NAME & INITIAL	SPOUSE'S SOCIAL SECURITY NUMBER
	CORPORATE, PARTNERSHIP, FIDUCIARY, NON-PROFIT OR SMLLC NAME <b>LAKE REGION WATER COMPANY INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER
	NUMBER & STREET ADDRESS <b>PO BOX 385</b>		DEPARTMENT IDENTIFICATION NUMBER (DIN)
	ADDRESS (continued)		PRINCIPAL BUSINESS ACTIVITY CODE (Federal)
	CITY/TOWN, STATE & ZIP CODE <b>MOULTON BORO NH 03254</b>		

STEP 2 Return Type and Federal Informa- tion	You must answer the following two questions, or your return will be considered incomplete, and may be subject to penalties.			
	Are You Required To File A BET Return (Receipts Over \$150,000)?		YES <input type="checkbox"/> NO <input type="checkbox"/>	If yes, you must attach a completed return to this BT-Summary.
	Are You Required To File A BPT Return (Business Income Over \$50,000)?		YES <input type="checkbox"/> NO <input type="checkbox"/>	
	<input type="checkbox"/> ② CORPORATION <input type="checkbox"/> ③ PARTNERSHIP <input type="checkbox"/> ① PROPRIETORSHIP <input checked="" type="checkbox"/> AMENDED RETURN -OR- <input type="checkbox"/> ② COMBINED GROUP <input type="checkbox"/> ⑤ NON-PROFIT <input type="checkbox"/> ④ FIDUCIARY <input type="checkbox"/> FINAL RETURN			
	<input type="checkbox"/> Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS. <b>DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 Instructions.</b>			

STEP 3  STEP 4 Figure Your Balance Due or Over- payment	PLEASE COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY			
	1	(a) Business Enterprise Tax Net of Statutory Credits	1(a) <b>1878</b>	
		(b) Business Profits Tax Net of Statutory Credits	1(b) <b>2</b>	1 <b>1878</b>
	2 PAYMENTS:			
		(a) Tax paid with application for extension	2(a)	
		(b) Total of this year's estimated tax payments	2(b)	
		(c) Credit carryover from prior tax period	2(c)	
		(d) Paid with original return (Amended returns only)	2(d) <b>2014</b>	2 <b>2014</b>
	3	TAX DUE: (Line 1 minus Line 2)		3
	4 ADDITIONS TO TAX:			
		(a) Interest (See Instructions)	4(a)	
		(b) Failure to Pay (See Instructions)	4(b)	
		(c) Failure to File (See Instructions)	4(c)	
		(d) Underpayment of Estimated Tax (See Instructions)	4(d)	4
	5	(a) Subtotal of Amount Due (Line 3 plus Line 4)		5(a)
5	(b) Return Payment Made Electronically	5(b)		
5	BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.revenue.nh.gov">www.revenue.nh.gov</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape, your payment with this return.		5	
6	OVERPAYMENT: [Line 1 plus Line 4 minus Lines 2 and 5(b)]	6 <b>136</b>		
7	Apply overpayment amount on Line 6 to:			
	(a) Credit - Next Year's tax liability	7 (a)	<b>136</b>	
	(b) Refund - Allow 12 weeks for processing	7 (b)		

THIS RETURN MUST BE ACCOMPANIED BY COMPLETE AND LEGIBLE COPIES OF THE APPROPRIATE FEDERAL FORMS AND SCHEDULES.

STEP 5 Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

FOR DRA USE ONLY

<input type="checkbox"/> POA: By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.	
<input checked="" type="checkbox"/> SIGNATURE (IN INK) <b>Thomas A. Mason, PRESIDENT</b>	SIGNATURE (IN INK) OF PAID PREPARER OTHER THAN TAXPAYER <b>Norman E. Roberge</b> DATE <b>7/21/12</b>
PRINT SIGNATORY NAME & TITLE	PRINT PREPARER'S NAME & TAX IDENTIFICATION NUMBER
<input checked="" type="checkbox"/> SPOUSE'S SIGNATURE (IN INK) (PROPRIETORSHIP ONLY)	PREPARER'S ADDRESS <b>1207 Corliss Road</b>
MAIL NH DRA PO BOX 637 TO: CONCORD NH 03302-0637	CITY/TOWN, STATE & ZIP CODE <b>Bundick NH 03046</b>

BT-SUMMARY  
Rev 09/2007

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For the CALENDAR year **2007** or other taxable period beginning Mo Day Year and ending Mo Day Year **SEQUENCE #4A**  
Due Date for CALENDAR year filers is on or before March 17, 2008 or the 15th day of the 3rd month after the close of the taxable period.  
**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

STEP 1 Print or Type	NAME OF CORPORATION <b>LAKE REGION WATER CO INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <b>[REDACTED]</b>
STEP 2 Questions	<p>A Is the corporation filing its tax return on an IRS approved 52/53 week tax year? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, provide the period beginning <u>Mo Day Year</u> and ending <u>Mo Day Year</u> date.</p> <p>B Does the corporation file with the IRS as part of a federal consolidated return? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>C Is this corporation affiliated with any other business organization that files business tax returns with this department? Please identify by name and FEIN: <u>Yes</u> <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>D Does the corporation file as part of a unitary group in any other jurisdiction? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>E Is this a "combined" business profits tax return? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If the answer to "E" is yes, do not complete this return. You must file a NH-1120-WR return. You may download the Business tax forms for Combined Groups from our web site at <a href="http://www.revenue.nh.gov">www.revenue.nh.gov</a> or call (603) 271-2192 to request the business tax booklet for Combined Groups.</p>	

STEP 3 Figure Your Taxes	<p>1 Gross Business Profits <span style="float: right;">IRC RECONCILIATION <input type="checkbox"/></span></p> <p>(a) Taxable income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is taken enter the amount from..... 1(a) <b>&lt;19510&gt;</b> Line 5 of the Corporate Schedule R. (Attach copy of federal return)</p> <p>(b) Separate entity or passive loss limitation adjustments..... 1(b) <b>[REDACTED]</b></p> <p>(c) New Hampshire Gross Business Profits [Combine Line 1(a) and Line 1(b)] (If negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions)..... 1(c) <b>&lt;19510&gt;</b></p> <p>2 Additions and Deductions</p> <p>(a) Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state)..... 2(a) <b>2014</b></p> <p>(b) New Hampshire Net Operating Loss Deduction (Attach Form DP-132) ..... 2(b) <b>[REDACTED]</b></p> <p>(c) Interest on direct US Obligations ..... 2(c) <b>[REDACTED]</b></p> <p>(d) Wage adjustment required by IRC Section 280C ..... 2(d) <b>[REDACTED]</b></p> <p>(e) Foreign dividend gross-up (IRC Section 78)..... 2(e) <b>[REDACTED]</b></p> <p>(f) Add back expenses related to constitutionally exempt income..... 2(f) <b>[REDACTED]</b></p> <p>(g) Research contribution (See RSA 77-A:4 XII. Attach computation) ..... 2(g) <b>[REDACTED]</b> (Attach a schedule detailing name, FEIN and amount)</p> <p>(h) Interest and Dividends subject to tax under RSA 77..... 2(h) <b>[REDACTED]</b></p> <p>(i) Add back return of capital from Qualified Investment Capital Company... 2(i) <b>[REDACTED]</b></p> <p>(j) Combine Lines 2(a) through 2(i). (If negative, show in parenthesis)..... 2(j) <b>2014</b></p> <p>3 Adjusted Gross Business Profits (Line 1(c) adjusted by Line 2(j). If negative, show in parenthesis). 3 <b>&lt;14496&gt;</b></p> <p>4 New Hampshire Apportionment (Attach Form DP-80)..... 4 <b>[REDACTED]</b></p> <p>5 New Hampshire Taxable Business Profits (Line 3 x Line 4. If negative, enter zero.)..... 5 <b>[REDACTED]</b></p> <p>6 New Hampshire Business Profits Tax (Line 5 x 8.5%) ..... 6 <b>[REDACTED]</b></p> <p>7 Credits allowed under RSA 77-A:5 (Attach Form DP-160) ..... 7 <b>[REDACTED]</b></p> <p>8 Subtotal (Line 6 minus Line 7) ..... 8 <b>[REDACTED]</b></p> <p>9 New Hampshire Business Enterprise Tax Credit ..... 9 <b>1878</b></p> <p>10 New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 8 or Line 9) ..... 10 <b>[REDACTED]</b></p> <p>11 New Hampshire Business Profits Tax Net of Statutory Credits (Line 8 minus Line 10)..... 11 <b>[REDACTED]</b></p>
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ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY.  
THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
PARTNERSHIPS, FIDUCIARIES AND NON-PROFIT ORGANIZATIONS

Amended

SEQUENCE # 2

YOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS RECEIPTS WERE GREATER  
THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.For the CALENDAR year **2007** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

<b>STEP 1</b> Please Print or Type Name	CORPORATE, PARTNERSHIP, FIDUCIARY, NON-PROFIT NAME <b>LAKE REGION WATER CO INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER [REDACTED]	
	SINGLE MEMBER LIMITED LIABILITY COMPANY		DEPARTMENT IDENTIFICATION NUMBER	
<small>If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income of a capital stock or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. If you need Form BET-80 and it is not included in your booklet, it may be obtained from our web site at <a href="http://www.revenue.nh.gov">www.revenue.nh.gov</a> or by calling (800) 271-2192.</small>				
<b>STEP 2</b> Compute the Taxable Enter- prise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	191906	
	3 Interest Paid or Accrued	3	58576	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			4 250482
<b>STEP 3</b> Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			5 1878
	6 STATUTORY CREDITS			
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (unused portion, see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 7/01/07.	6(d)		6
	7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			7 1878

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**CORPORATE BUSINESS PROFITS TAX RECONCILIATION OF  
NEW HAMPSHIRE GROSS BUSINESS PROFITS SCHEDULE R**

AMENDED

SEQUENCE #4B

For the CALENDAR year \_\_\_\_\_ or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME <b>LAKES REGION WATER CO INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER DEPARTMENT IDENTIFICATION NUMBER [REDACTED]
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This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal corporate income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000. The revised calculation of federal income shall be used for the New Hampshire Gross Business Profits on Line 1(a) of the NH-1120.

1	Federal Income (Loss) from business activities from return filed with IRS .....	1	<b>0</b>
2	Additions required to federal income:		
(a)	IRC Section 179 expense taken on federal return for assets placed in service during the current taxable period .....	2(a)	<b>41723</b>
(b)	Bonus depreciation on assets acquired and placed in service after September 10, 2001, and before January 1, 2005 (January 1, 2006 for certain assets) (Federal Form 4562) .....	2(b)	
(c)	Current period depreciation reported on federal return for assets for which additional IRC Section 179 deductions were reported in any taxable period and/or for which bonus depreciation was reported in any taxable period .....	2(c)	
(d)	Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000. ....	2(d)	
(e)	Total additions [Sum of Line 2(a) through Line 2(d)] .....	2(e)	<b>41723</b>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service in 2001 through 2007 using the IRC in effect pursuant to RSA 77-A.)		
(a)	IRC Section 179 expense allowed on assets placed in service during the current taxable period .....	3(a)	<b>20000</b>
(b)	Current taxable period depreciation allowable for assets for which the bonus depreciation deductions reported for any taxable period and/or additional IRC Section 179 deductions for any taxable period reported on the federal return .....	3(b)	<b>41233</b>
(c)	Other deductions required due to revisions to the IRC in effect on December 31, 2000 ....	3(c)	
(d)	Total deductions [Sum of Line 3(a) through Line 3(c)] .....	3(d)	<b>61233</b>
4	Adjustments required on sale of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) or on which additional IRC Section 179 expense was taken. (The federal calculation of any gain or loss on the sale of these assets must be adjusted to reflect the different New Hampshire basis for the assets.)		
(a)	Federal gain (loss) on sale of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) or on which the additional IRC Section 179 expense was taken .....	4(a)	
(b)	Gross sales price for assets acquired and placed in service after September 10, 2001, and before January 1, 2005 (January 1, 2006 for certain assets) or on which the additional IRC Section 179 expense was taken, and sold in the current taxable period .....	4(b)	
(c)	New Hampshire basis of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) or on which additional IRC Section 179 expense was taken, and sold in the current taxable period .....	4(c)	
(d)	New Hampshire gain (New Hampshire loss) on sale of assets acquired and placed in service after September 10, 2001 and before January 1, 2005 (January 1, 2006 for certain assets) on which additional IRC Section 179 expense was taken. [Line 4(b) minus Line 4(c)] .....	4(d)	
(e)	Total adjustments for sale of assets [Line 4(d) minus 4(a)] .....	4(e)	
5	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(d) plus Line 4(e) (Enter this amount on Line 1(a) of your New Hampshire Corporate Business Profits Tax return) .....	5	<b>19510</b>

This schedule must be attached to your Corporate Business Profits Tax Return and you must check the box on the front of the return indicating Bonus Depreciation.

Corp  
Schedule R  
Rev. 09/2007

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For the CALENDAR year 2007 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

SEQUENCE #7

NAME <b>LAKE REGION WATER CO INC</b>			FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <b>[REDACTED]</b>											
COLUMN (A) Ending date of taxable period in which NOL occurred.			COLUMN (B) New Hampshire net operating loss available for carryforward from Net Operating Loss Worksheets.			COLUMN (C) Amount of NOL carryforward which has been used in taxable periods prior to this taxable period.			COLUMN (D) Amount of NOL to be used as a deduction in this taxable period.			COLUMN (E) Amount of NOL to carryforward to future taxable period.		
Mo	Day	Yr												
1	12	31	2006	1	20441	1	0	1	0	1	20441			
2				2		2		2		2				
3				3		3		3		3				
4				4		4		4		4				
5				5		5		5		5				
6				6		6		6		6				
7				7		7		7		7				
8				8		8		8		8				
9				9		9		9		9				
10				10		10		10		10				

11 Amount of NOL carryforward deducted this taxable period.  
(Sum of Column D, Lines 1-10) 11 0

This is the amount to be reported on the applicable Business Profits Tax return. NOTE: Column (B) less Column (C) should equal the sum of Column (D) plus Column (E). This amount cannot exceed the New Hampshire Adjusted Gross Business Profits before the NOL deduction.

WHEN TO USE THIS FORM	Use this form to detail the NOL carryforward amounts which comprise the current tax period NOL deduction taken on Form NH-1040, NH-1041, NH-1065 or NH-1120. This form must be attached to the New Hampshire tax return in the taxable period the NOL deduction is claimed. No loss amounts incurred before 7/1/97, shall contribute to the net operating loss deduction.
NAME AND SSN	Enter name and SSN, FEIN, or DIN in the space provided. Social Security Numbers are required pursuant to the authority granted by 42 U.S.C.S., Section 405. Wherever SSN's or FEIN's are required, taxpayers who have been issued a DIN, shall use their DIN only, and not SSN or FEIN.

Column (A)	Enter the month, day, and year of each taxable period from which the NOL is being carried forward.
Carry Forward	A net operating loss may be carried forward for the following number of years: Tax Year Ending On or Before 6/30/02 ..... 5 years ..... 1/1/89 - 6/30/97 Tax Year ending On or After 7/1/02 ..... 10 years ..... On or After 7/1/97
Column (B)	Enter the amount of the NOL which is available for carryforward purposes. For tax periods ending before July 1, 2005, the carryforward amount is computed by first carrying the loss back three years and then offsetting the loss by any profits during those three tax periods. (However, the carryback cannot result in an amended return or a refund in those carryback years). If a loss remains after carryback and offset, then the remaining loss must be apportioned using the apportionment percentage of the loss period. The apportioned loss cannot exceed the following limits based on the tax period the loss was incurred: From July 1, 2003 to June 30, 2004, \$500,000 is the maximum amount that may be carried forward. From July 1, 2004 to June 30, 2005, \$750,000 is the maximum amount that may be carried forward. Prior to July 1, 2003, the maximum amount that may be carried forward is \$250,000. For tax periods ending on or after July 1, 2005, no carryback is required or allowed. In addition, the maximum amount that may be carried forward was increased to \$1,000,000.
Column (C)	Enter the NOL amount that was claimed as a deduction in the prior taxable period(s).
Column (D)	Enter only those amounts that will be claimed as a deduction this taxable period.
Column (E)	Enter the excess amount(s) available for future deduction.

Administrative Rule Rev 303 of the New Hampshire Business Profits Tax includes guidance on how to compute the NOL. The RSA's and administrative rules regarding NOL provisions (RSA 77-A:4.XIII and Rev 303.03) may be obtained from our web site at [www.revenue.nh.gov](http://www.revenue.nh.gov) or by visiting any New Hampshire Depository Library or the New Hampshire State Library, 20 Park Street, Concord, NH 03301, where copies may be made for a fee. Forms may be ordered for free by calling our forms line at (603) 271-2192. If you do not have access to the internet, or if you have specific questions concerning NOL provisions, please contact Central Taxpayer Services, telephone (603) 271-2191. Individuals who need auxiliary aids for effective communications in programs and services of the New Hampshire Department of Revenue Administration are invited to make their needs and preferences known. Individuals with hearing or speech impairments may call TDD Access: Relay NH 1-800-735-2964.

DP-132  
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LAKES REGION WATER CO INC

STEP 3 (continued)	Line 3	<b>ADJUSTED GROSS BUSINESS PROFITS</b> Enter the total of Line 1(c) adjusted by Line 2(j). Show negative amounts in parenthesis, e.g. (\$50).
	Line 4	<b>NEW HAMPSHIRE APPORTIONMENT</b> Corporations which have business activity both inside and outside New Hampshire AND which are subject to income taxes, a franchise tax measured by net income or capital stock tax in another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, whether or not actually imposed by the other state, must apportion their gross business profits to New Hampshire by using Form DP-80, Apportionment of Income. After completing the Form DP-80, enter the apportionment percentage on Line 4 of your Form NH-1120. Show to six decimal places. All others enter 1.00 on Line 4.
	Line 5	Enter the product of Line 3 multiplied by Line 4. If negative, enter zero.
	Line 6	Enter the product of Line 5 multiplied by 8.5%.

STEP 4 Figure Your Credits	Line 7	<b>CREDITS</b> Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-180. Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.
	Line 8	Enter the amount of Line 6 minus Line 7.
	Line 9	Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this years Business Profits Tax, complete the following worksheet.

BET CREDIT WORKSHEET					
	Taxable period ended 12/31/06	Taxable period ended 12/31/07	Taxable period ended	Taxable period ended	Taxable period ended
A BET Credit Carryforward Amount *See note below	0	2021			
B Current Period BET liability from Form BET, Line 5	2021	1878			
C Expiring BET Credit Carryforward **See note below	( 0 )	( 0 )			
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	2021	3899			
E Current Period BPT liability from Form NH-1120, Line 8	0	0			
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120	0	0			
G Credit Carryforward Amount (Line D minus Line F) Carry this amount forward and indicate on Line A in subsequent period.	2021	3899			

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.  
\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

STEP 4 Figure Your Credits	Line 10	Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.
	Line 11	Enter the amount of Line 8 minus Line 10. Enter the amount from Line 11 on Line 1(b) of the BT-Summary.



2008

<b>Form 1120</b> Department of the Treasury Internal Revenue Service		<b>U.S. Corporation Income Tax Return</b> For calendar year 2008 or tax year beginning _____, 2008, ending _____,		OMB No. 1545-0123 <b>2008</b>
▶ See separate instructions.				
<b>A Check if:</b> 1 a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input checked="" type="checkbox"/> 2 Personal holding co. (attach Sch PH) <input type="checkbox"/> 3 Personal service corp. (see instr.) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>		<b>Name</b> Lakes Region Water Co., Inc. Number, street, and room or suite number. If a P.O. box, see instructions. P.O. Box 389 City or town Moultonboro state NH ZIP code 03254		<b>B Employer identification number</b> _____ <b>C Date incorporated</b> 01/28/1975 <b>D Total assets (see instructions)</b> \$ 3,242,280.
<b>E Check if:</b> (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change				
<b>INCOME</b>	1 a Gross receipts or sales 812,688.		b Less returns & allowances.	
	2 Cost of goods sold (Schedule A, line 8) . . . . .		c Balance	
	3 Gross profit. Subtract line 2 from line 1c . . . . .		1c 812,688.	
	4 Dividends (Schedule C, line 19) . . . . .		2 19,423.	
	5 Interest . . . . .		3 793,265.	
	6 Gross rents . . . . .		4	
	7 Gross royalties . . . . .		5 3,452.	
	8 Capital gain net income (attach Schedule D (Form 1120)) . . . . .		6 1,670.	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .		7	
	10 Other income (see instructions — attach schedule) . . . . .		8	
	11 Total income. Add lines 3 through 10 . . . . .		9 12,191.	
<b>DEDUCTIONS</b>	12 Compensation of officers (Schedule E, line 4) . . . . .		10	
	13 Salaries and wages (less employment credits) . . . . .		11 810,578.	
	14 Repairs and maintenance . . . . .		12 75,761.	
	15 Bad debts . . . . .		13 139,069.	
	16 Rents . . . . .		14	
	17 Taxes and licenses . . . . .		15 5,749.	
	18 Interest . . . . .		16 11,700.	
	19 Charitable contributions . . . . .		17 38,463.	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562) . . . . .		18 116,902.	
	21 Depletion . . . . .		19	
	22 Advertising . . . . .		20 174,901.	
<b>TAX</b>	23 Pension, profit-sharing, etc., plans . . . . .		21	
	24 Employee benefit programs . . . . .		22	
	25 Domestic production activities deduction (attach Form 8903) . . . . .		23 15,990.	
	26 Other deductions (attach schedule). See Other Deductions Statement . . . . .		24 19,692.	
	27 Total deductions. Add lines 12 through 26. . . . .		25	
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 . . . . .		26 441,332.	
	29 Less: a Net operating loss deduction (see instructions) . . . . . 29a		27 1,039,559.	
	b Special deductions (Schedule C, line 20) . . . . . 29b		28 -228,981.	
	30 Taxable income. Subtract line 29c from line 28 (see instructions) . . . . . 29c		29	
	31 Total tax (Schedule J, line 10) . . . . . 30		30 -228,981.	
	<b>PAID</b>	32a 2007 overpayment credited to 2008 . . . . . 32a		31
b 2008 estimated tax payments . . . . . 32b		32		
c 2008 refund applied for on Form 4466 . . . . . 32c		33		
d Tax deposited with Form 7004 . . . . . 32d		34		
e Credits: (1) Form 2439 . . . . . (2) Form 4136 . . . . . 32e		35		
f Refundable credits from Form 3800, line 19c, and Form 8827, line 8c . . . . . 32f		36		
g Estimated tax penalty (see instructions). Check if Form 2220 is attached . . . . . 32g		37		
33 Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed . . . . . 33		38		
34 Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid . . . . . 34		39		
35 Enter amount from line 35 you want: Credited to 2008 estimated tax . . . . . 35		40		
36 Enter amount from line 35 you want: Refunded . . . . . 36		41		
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.				
<b>Sign Here</b> Signature of officer <u>Barbara K. Mason</u> Date <u>12/21/09</u> Title <u>Treasurer</u>		May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Paid Preparer's Use Only</b> Preparer's signature <u>Tom E. Berger</u> Date <u>12/18/09</u> Check if self-employed <input checked="" type="checkbox"/> Preparer's SSN or PTIN <u>_____</u> Firm's name (or yours if self-employed), address, and ZIP code <u>1207 GORHAM RD RD DUNDARIE NH 03256</u> EIN <u>_____</u> Phone no. <u>603-487-8828</u>				

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

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

1	Inventory at beginning of year	1	45,175.
2	Purchases	2	47,814.
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	92,989.
7	Inventory at end of year	7	73,566.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	19,423.

9a Check all methods used for valuing closing inventory:

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

b Check if there was a writedown of subnormal goods

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

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

9d

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

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation

☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations			
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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas Adam Mason		100.0 %	50.0 %	%	53,040.
	Thomas Albert Mason		50.0 %	%	%	22,721.
			%	%	%	
			%	%	%	
2	Total compensation of officers					75,761.
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					75,761.

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

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
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
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

**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. <u>221300</u>		
b	Business activity <u>Water Utility</u>		
c	Product or service <u>Water Distribution</u>		
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), or trust 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? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v).		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

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? ☒ Yes ☐ No

For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv)

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock
Thomas Adam Mason	██████████	United States	50.00
Barbara G Mason	██████████	United States	50.00

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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		
b Own directly 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 . . . . .					X
If "Yes," complete (i) through (iv)					
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Maximum Percentage Owned in Profit, Loss, or Capital		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . .					X
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? . . . . .					X
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) > _____					
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 28a) > \$ _____					
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? . . . . .					X
If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. > \$ _____					

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**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		2,150.		663.
2a Trade notes and accounts receivable	109,856.		84,042.	
b Less allowance for bad debts		109,856.		84,042.
3 Inventories		45,175.		73,566.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) . . Ln 6 Stmt		89,337.		79,334.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	3,341,180.		3,759,535.	
b Less accumulated depreciation	855,386.	2,485,794.	926,707.	2,83
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)		121,957.		17
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets		2,854,269.		3,242,280.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable		249,890.		249,881.
17 Mortgages, notes, bonds payable in less than 1 year		0.		
18 Other current liabilities (attach sch) . . Ln 18 Stmt		24,369.		60,159.
19 Loans from shareholders		343,011.		138,739.
20 Mortgages, notes, bonds payable in 1 year or more		984,186.		920,126.
21 Other liabilities (attach schedule) . . Ln 21 Stmt		711,605.		806,991.
22 Capital stock: a Preferred stock				
b Common stock	10,000.	10,000.	10,000.	10,000.
23 Additional paid-in capital		217,650.		942,080.
24 Retained earnings — Appropriated (attach sch)				
25 Retained earnings — Unappropriated		313,558.		114,304.
26 Adjust to shareholders' equity (attach sch)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		2,854,269.		3,242,280.

**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	-199,251.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books	0.	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 . . . \$ 146,588.		a Depreciation . \$ 174,901.	
b Charitable contributions . \$ 25.		b Charitable contributions \$	
c Travel & entertainment . \$		See Ln 8 Stmt 1,442.	
	146,613.		176,343.
6 Add lines 1 through 5	-52,638.	9 Add lines 7 and 8	176,343.
		10 Income (page 1, line 28) — line 6 less line 9	-228,981.

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

1 Balance at beginning of year	313,558.	5 Distributions	a Cash	
2 Net income (loss) per books	-199,251.	b Stock	c Property	
3 Other increases (itemize):		6 Other decreases (itemize):		
		See Ln 6 Stmt 3.		3.
4 Add lines 1, 2, and 3	114,307.	7 Add lines 5 and 6		3.
		8 Balance at end of year (line 4 less line 7)		114,304.

Form **4626****Alternative Minimum Tax — Corporations**

OMB No. 1545-0175

Department of the Treasury  
Internal Revenue Service▶ See separate instructions.  
▶ Attach to the corporation's tax return.**2008**

Name

Lakes Region Water Co., Inc.

Employer identification number

**Part I Alternative Minimum Tax Computation**

Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

<b>1</b>	Taxable income or (loss) before net operating loss deduction . . . . .	<b>1</b>
<b>2</b>	Adjustments and preferences:	
<b>a</b>	Depreciation of post-1986 property . . . . .	<b>2a</b>
<b>b</b>	Amortization of certified pollution control facilities . . . . .	<b>2b</b>
<b>c</b>	Amortization of mining exploration and development costs . . . . .	<b>2c</b>
<b>d</b>	Amortization of circulation expenditures (personal holding companies only) . . . . .	<b>2d</b>
<b>e</b>	Adjusted gain or loss . . . . .	<b>2e</b>
<b>f</b>	Long-term contracts . . . . .	<b>2f</b>
<b>g</b>	Merchant marine capital construction funds . . . . .	<b>2g</b>
<b>h</b>	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) . . . . .	<b>2h</b>
<b>i</b>	Tax shelter farm activities (personal service corporations only) . . . . .	<b>2i</b>
<b>j</b>	Passive activities (closely held corporations and personal service corporations only) . . . . .	<b>2j</b>
<b>k</b>	Loss limitations . . . . .	<b>2k</b>
<b>l</b>	Depletion . . . . .	<b>2l</b>
<b>m</b>	Tax-exempt interest income from specified private activity bonds . . . . .	<b>2m</b>
<b>n</b>	Intangible drilling costs . . . . .	<b>2n</b>
<b>o</b>	Other adjustments and preferences . . . . .	<b>2o</b>
<b>3</b>	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o . . . . .	<b>3</b>
<b>4</b>	Adjusted current earnings (ACE) adjustment:	
<b>a</b>	ACE from line 10 of the ACE worksheet in the instructions . . . . .	<b>4a</b>
<b>b</b>	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions) . . . . .	<b>4b</b>
<b>c</b>	Multiply line 4b by 75% (.75). Enter the result as a positive amount . . . . .	<b>4c</b>
<b>d</b>	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You must enter an amount on line 4d (even if line 4b is positive) . . . . .	<b>4d</b>
<b>e</b>	ACE adjustment.	
•	If line 4b is zero or more, enter the amount from line 4c . . . . .	<b>4e</b>
•	If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount! . . . . .	
<b>5</b>	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT . . . . .	<b>5</b>
<b>6</b>	Alternative tax net operating loss deduction (see instructions) . . . . .	<b>6</b>
<b>7</b>	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions . . . . .	<b>7</b>
<b>8</b>	Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):	
<b>a</b>	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- . . . . .	<b>8a</b>
<b>b</b>	Multiply line 8a by 25% (.25) . . . . .	<b>8b</b>
<b>c</b>	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- . . . . .	<b>8c</b>
<b>9</b>	Subtract line 8c from line 7. If zero or less, enter -0- . . . . .	<b>9</b>
<b>10</b>	If the corporation had qualified timber gain, complete Part II and enter the amount from line 24 here. Otherwise, multiply line 9 by 20% (.20) . . . . .	<b>10</b>
<b>11</b>	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions) . . . . .	<b>11</b>
<b>12</b>	Tentative minimum tax. Subtract line 11 from line 10 . . . . .	<b>12</b>
<b>13</b>	Regular tax liability before applying all credits except the foreign tax credit . . . . .	<b>13</b>
<b>14</b>	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return . . . . .	<b>14</b>

BAA For Paperwork Reduction Act Notice, see the instructions.

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**Part II****Alternative Tax for Corporations with Qualified Timber Gain. Complete Part II only if the corporation had qualified timber gain under section 1201(b). See instructions.**

15	Enter qualified timber gain from Schedule D (Form 1120), line 15, as refigured for the AMT, if necessary. If you are filing Form 1120-RIC, see instructions for the amount to enter . . . . .	15	
16	Enter the amount from Schedule D (Form 1120), line 13, as refigured for the AMT, if necessary. . . . .	16	
17	Enter the amount from Part I, line 9. . . . .	17	
18	Enter the smallest of the amount on line 15, line 16, or line 17 . . . . .	18	
19	Multiply line 18 by 15% (.15) . . . . .	19	
20	Subtract line 18 from line 17 . . . . .	20	
21	Multiply line 20 by 20% (.20) . . . . .	21	
22	Enter the total of line 19 and line 21. . . . .	22	
23	Multiply line 17 by 20% (.20) . . . . .	23	
24	Enter the smaller of line 22 or line 23 here and on Part I, line 10 . . . . .	24	

Form 4626 (2008)



Form 4562

Department of the Treasury  
Internal Revenue Service (99)Depreciation and Amortization  
(Including Information on Listed Property)

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

OMB No. 1545-0172

2008

Attachment  
Sequence No. 67

Name(s) shown on return

Lakes Region Water Co., Inc.

Business or activity to which this form relates

Identifying number

Form 1120 Line 20

**Part I Election To Expense Certain Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses . . . . .	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions) . . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	5	250,000.

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	Pumps	23,263.	19,018.
	See Additional Section 179 Property Statement		0.

7	Listed property. Enter the amount from line 29 . . . . .	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	8	19,018.
9	Tentative deduction. Enter the smaller of line 5 or line 8 . . . . .	9	19,018.
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562 . . . . .	10	43,225.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) . . . . .	11	0.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11. . . . .	12	0.
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12 . . . . .	13	62,243.

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

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

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

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

## Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2008. . . . .	17	156,395.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . .		

## Section B — Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property . . . . .		18,026.	3	hy	150% db	6,008.
b 5-year property . . . . .		6,139.	5	hy	150% db	1,228.
c 7-year property . . . . .						
d 10-year property . . . . .		7,121.	10	hy	150% db	713.
e 15-year property . . . . .						
f 20-year property . . . . .		501,988.	20	hy	150% db	1,911.
g 25-year property . . . . .		4,909.	25 yrs	hy	S/L	82.
h Residential rental property . . . . .			27.5 yrs	MM	S/L	
i Nonresidential real property . . . . .			27.5 yrs	MM	S/L	
	various	67,914.	39 yrs	MM	S/L	869.
	various	769,494.	50 yrs	MM	S/L	7,695.

## Section C — Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28 . . . . .	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions . . . . .	22	174,901.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

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Form 4562 (2008)

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

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

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

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

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

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

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

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

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

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

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2008 tax year (see instructions):					
43 Amortization of costs that began before your 2008 tax year . . . . .					43
44 Total. Add amounts in column (f). See the instructions for where to report . . . . .					44

Form 4797

Department of the Treasury  
Internal Revenue Service (99)

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

OMB No. 1545-0184

**2008**Attachment  
Sequence No. 27

Name(s) shown on return

Identifying number

Lakes Region Water Co., Inc.

1 Enter the gross proceeds from sales or exchanges reported to you for 2008 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . . 1

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

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	Office Copier	10/16/03	06/08/08	0	3652	3652	0
	Structures	various	11/30/08	0	438	1376	-938
	Pumping Equip	various	various	0	10775	11091	-316
	See Additional Part I, Line 2 Sales			0	623	813	-190
3	Gain, if any, from Form 4684, line 45 . . . . .						3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .						4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .						5
6	Gain, if any, from line 32, from other than casualty or theft . . . . .						6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows . . . . . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.						7
	Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
8	Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .						8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . .						9

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

10	Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):						
11	Loss, if any, from line 7 . . . . .						11
12	Gain, if any, from line 7 or amount from line 8, if applicable . . . . .						12
13	Gain, if any, from line 31 . . . . .						13
14	Net gain or (loss) from Form 4684, lines 36 and 44a . . . . .						14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .						15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . .						16
17	Combine lines 10 through 16 . . . . .						17
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
	a If the loss on line 11 includes a loss from Form 4684, line 41, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from Form 4797, line 18a. See instructions . . . . .						18a
	b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . .						18b

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2008)

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

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A 2002 GMC		
B 2004 Canyon	01/31/02	05/01/2008
C	08/02/04	05/28/2008
D		

These columns relate to the properties on lines 19A through 19D . . . . .		Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing) . . . . .	20	1,500.	12,135.		
21 Cost or other basis plus expense of sale . . . . .	21	25,731.	20,144.		
22 Depreciation (or depletion) allowed or allowable . . . . .	22	25,731.	20,144.		
23 Adjusted basis. Subtract line 22 from line 21 . . . . .	23	0.	0.		
24 Total gain. Subtract line 23 from line 20 . . . . .	24	1,500.	12,135.		
25 If section 1245 property:					
a Depreciation allowed or allowable from line 22 . . . . .	25a	25,731.	20,144.		
b Enter the smaller of line 24 or 25a . . . . .	25b	1,500.	12,135.		
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instrs) . . . . .	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) . . . . .	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e . . . . .	26c				
d Additional depreciation after 1969 & before 1976 . . . . .	26d				
e Enter the smaller of line 26c or 26d . . . . .	26e				
f Section 291 amount (corporations only) . . . . .	26f				
g Add lines 26b, 26e, and 26f . . . . .	26g				
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses . . . . .	27a				
b Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b				
c Enter the smaller of line 24 or 27b . . . . .	27c				
28 If section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) . . . . .	28a				
b Enter the smaller of line 24 or 28a . . . . .	28b				
29 If section 1255 property:					
a Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a				
b Enter the smaller of line 24 or 29a (see instrs) . . . . .	29b				

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

30 Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	13,635.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	13,635.
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 39. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	0.

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

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

BAA

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Form 4797 (2008)

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FORM  
**BT-SUMMARY**

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS TAX SUMMARY**

OPY

FOR DRAUSE ONLY

For the CALENDAR year **2008** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

SEQUENCE # **1**

**STEP 1**  
Print or Type  
☐ Check box if there has been a name change since last filing

PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
PROPRIETORSHIP - SPOUSE/CU PARTNER'S LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME <b>LAKE REGION WATER COMPANY INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER
NUMBER & STREET ADDRESS		DEPARTMENT IDENTIFICATION NUMBER (DIN)
ADDRESS (continued) <b>PO BOX 385</b>		<b>If required to use DIN, DO NOT enter SSN or FEIN</b>
CITY/TOWN, STATE & ZIP CODE <b>MULTON BORO NH 03254</b>		PRINCIPAL BUSINESS ACTIVITY CODE (Federal) <b>221300</b>

**STEP 2**  
Return Type and Federal Information

You must answer the following two questions, or your return will be considered incomplete, and may be subject to penalties.

Are You Required To File A BET Return (Receipts Over \$150,000)? YES ☒ NO ☐ If yes, you must attach a completed return to this BT-Summary.

Are You Required To File A BPT Return (Business Income Over \$50,000)? YES ☒ NO ☐

☒ ② CORPORATION ☐ ③ PARTNERSHIP ☐ ① PROPRIETORSHIP ☐ AMENDED RETURN  
☐ ② COMBINED GROUP ☐ ⑤ NON-PROFIT ☐ ④ FIDUCIARY ☐ FINAL RETURN

☐ Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS  
**DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 instructions.**

**STEP 3**  
COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY

**STEP 4**  
Figure Your Balance Due or Overpayment

1 (a) Business Enterprise Tax Net of Statutory Credits	1(a)	<b>2488</b>
(b) Business Profits Tax Net of Statutory Credits	1 (b)	<b>2488</b>
2 PAYMENTS:		
(a) Tax paid with application for extension	2 (a)	
(b) Total of this year's estimated tax payments	2 (b)	
(c) Credit carryover from prior tax period	2 (c)	
(d) Paid with original return (Amended returns only)	2 (d)	
3 TAX DUE: (Line 1 minus Line 2)	3	<b>2488</b>
4 ADDITIONS TO TAX:		
(a) Interest (See instructions)	4(a)	
(b) Failure to Pay (See instructions)	4(b)	
(c) Failure to File (See instructions)	4(c)	
(d) Underpayment of Estimated Tax (See instructions)	4(d)	
5 (a) Subtotal of Amount Due (Line 3 plus Line 4)	5(a)	
5 (b) Return Payment Made Electronically	5(b)	
5 BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape, your payment with this return.		<b>2488</b>
8 OVERPAYMENT: [Line 1 plus Line 4 minus Lines 2 and 5(b)]	6	
7 Apply overpayment amount on Line 6 to:		
(a) Credit - Next Year's Tax Liability	7 (a)	
(b) Refund	7 (b)	

**THIS RETURN MUST BE ACCOMPANIED BY COMPLETE AND LEGIBLE COPIES OF THE APPROPRIATE FEDERAL FORMS AND SCHEDULES.**

**STEP 5**  
Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

FOR DRAUSE ONLY

☐ POA: By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

☒ Signature (in ink) and Title of Fiduciary  
**X Barbara M. Meron** Date **12/1/08**

☒ Signature (in ink) of Paid Preparer  
**Barbara M. Meron** Date **12/1/08**

☐ Filing as surviving spouse/CU Partner

Print Signatory Name  
**Barbara M. Meron**

MAIL NH DRA  
TO: PO BOX 637  
CONCORD NH 03302-0637

Taxpayer's Telephone Number  
**7**

Preparer's Address  
**1347 CONCORD ROAD CONCORD NH 03301**

City/Town, State & Zip Code  
**CONCORD NH 03301**

Preparer's Telephone Number  
**603-496-7907**

BT-SUMMARY  
Rev 09/2008

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NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
PARTNERSHIPS, FIDUCIARIES AND NON-PROFIT ORGANIZATIONS

SEQUENCE # 2

YOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS RECEIPTS WERE GREATER  
THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.

For the CALENDAR year **2008** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

<b>STEP 1</b> Print or Type Name	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER	
	LAKES REGION WATER CO INC			
If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income of a capital stock or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. If you need Form BET-80 and it is not included in your booklet, it may be obtained from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or by calling (803) 271-2192.				
<b>STEP 2</b> Compute the Tax- able Enterprise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	214 830	
	3 Interest Paid or Accrued	3	116 902	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			4 331 732
<b>STEP 3</b> Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			5 2488
	6 STATUTORY CREDITS			
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 9/07/07.	6(d)		
	(e) RSA 162-Q Coos County Job Creation Tax Credit	6(e)		8
	7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			7 2488

COPY

FORM  
NH-1120NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATION BUSINESS PROFITS TAX RETURN

For the CALENDAR year **2008** or other taxable period beginning Mo Day Year and ending Mo Day Year **SEQUENCE # 4A**  
 Due Date for CALENDAR year filers is on or before March 16, 2009 or the 15th day of the 3rd month after the close of the taxable period.  
**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

<b>STEP 1</b> Print or Type	NAME OF CORPORATION <u>LAKE REGION WATER COMPANY INC</u>		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <u>[REDACTED]</u>
<b>STEP 2</b> Questions	<p>A Is the corporation filing its tax return on an IRS approved 52/53 week tax year? ..... Yes <input type="checkbox"/> No <input type="checkbox"/>          If yes, provide the period beginning <u>Mo Day Year</u> and ending <u>Mo Day Year</u> date.</p> <p>B Does the corporation file with the IRS as part of a federal consolidated return? ..... Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>C Is this corporation affiliated with any other business organization that files business tax returns with this department? Identify by name and FEIN: ..... Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>D Does the corporation file as part of a unitary group in any other jurisdiction? ..... Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>E Is this a "combined" business profits tax return? ..... Yes <input type="checkbox"/> No <input type="checkbox"/>          If the answer to "E" is yes, do not complete this return. You must file a NH-1120-VBE return. You may download the Business tax forms for Combined Groups from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or call (603) 271-2192 to request the business tax booklet for Combined Groups.</p>		
<b>STEP 3</b> Figure Your Taxes	<p><b>1 Gross Business Profits</b></p> <p>(a) Taxable income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is taken enter the amount from Line 5 of the Corporate Schedule R. (Attach copy of federal return) 1(a) <u>&lt; 223580 &gt;</u></p> <p>(b) Separate entity and other items of income or expense not allowed for on this form (attach schedule)..... 1(b) <u>[REDACTED]</u></p> <p>(c) New Hampshire Gross Business Profits [Combine Line 1(a) and Line 1(b)] (If negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions)..... 1(c) <u>&lt; 223580 &gt;</u></p> <p><b>2 Additions and Deductions</b></p> <p>(a) Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state)..... 2(a) <u>2016</u></p> <p>(b) New Hampshire Net Operating Loss Deduction (Attach Form DP-132) ..... 2(b) <u>[REDACTED]</u></p> <p>(c) Interest on direct US Obligations ..... 2(c) <u>[REDACTED]</u></p> <p>(d) Wage adjustment required by IRC Section 280C ..... 2(d) <u>[REDACTED]</u></p> <p>(e) Foreign dividend gross-up (IRC Section 78)..... 2(e) <u>[REDACTED]</u></p> <p>(f) Add back expenses related to constitutionally exempt income..... 2(f) <u>[REDACTED]</u></p> <p>(g) Research contribution (See RSA 77-A:4 XII. Attach computation) ..... 2(g) <u>[REDACTED]</u></p> <p>(h) Interest and Dividends subject to tax under RSA 77..... 2(h) <u>[REDACTED]</u></p> <p>(i) Add back return of capital from Qualified Investment Capital Company... 2(i) <u>[REDACTED]</u></p> <p>(j) Combine Lines 2(a) through 2(i). (If negative, show in parenthesis)..... 2(j) <u>2016</u></p> <p><b>3 Adjusted Gross Business Profits</b> (Line 1(c) adjusted by Line 2(j). If negative, show in parenthesis). 3 <u>&lt; 271920 &gt;</u></p> <p><b>4 New Hampshire Apportionment</b> (Attach Form DP-80)..... 4 <u>[REDACTED]</u></p> <p><b>5 New Hampshire Taxable Business Profits</b> (Line 3 x Line 4. If negative, enter zero.)..... 5 <u>&lt; 271920 &gt;</u></p> <p><b>6 New Hampshire Business Profits Tax</b> (Line 5 x 8.5%) ..... 6 <u>[REDACTED]</u></p> <p><b>STEP 4</b> Figure Your Credits</p> <p><b>7 Credits allowed under RSA 77-A:5</b> (Attach Form DP-160) ..... 7 <u>[REDACTED]</u></p> <p><b>8 Subtotal</b> (Line 6 minus Line 7) ..... 8 <u>[REDACTED]</u></p> <p><b>9 New Hampshire Business Enterprise Tax Credit</b> ..... 9 <u>[REDACTED]</u></p> <p><b>10 New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax</b> (Enter the lesser of Line 8 or Line 9) ..... 10 <u>[REDACTED]</u></p> <p><b>11 New Hampshire Business Profits Tax Net of Statutory Credits</b> (Line 8 minus Line 10)..... 11 <u>[REDACTED]</u></p> <p>ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY.          THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.</p>		

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATE BUSINESS PROFITS TAX RECONCILIATION OF NEW  
HAMPSHIRE GROSS BUSINESS PROFITS SCHEDULE R

COPY

SEQUENCE #4B

For the CALENDAR year 2008 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME <u>LAKES REGIONAL MEDIA COMPANY INC</u>	FEDERAL EMPLOYER IDENTIFICATION NUMBER DEPARTMENT IDENTIFICATION NUMBER <u>[REDACTED]</u>
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This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal corporate income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000. The revised calculation of federal income shall be used for the New Hampshire Gross Business Profits on Line 1(a) of the NH-1120.

1	Federal Income (Loss) from business activities from return filed with IRS.....	1	<u>228981</u>
2	Additions required to federal income:		
	(a) IRC Section 179 expense taken on federal return for assets placed in service during the current taxable period.....	2(a)	<u>19018</u>
	(b) Bonus depreciation on assets acquired and placed in service after September 10, 2001, (Federal Form 4562).....	2(b)	<u>0</u>
	(c) Current period depreciation reported on federal return for assets for which additional IRC Section 179 deductions were reported in any taxable period and/or for which bonus depreciation was reported in any taxable period.....	2(c)	<u>0</u>
	(d) Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000.....	2(d)	
	(e) Total additions [Sum of Line 2(a) through Line 2(d)].....	2(e)	<u>19018</u>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service in 2001 through 2008 using the IRC in effect pursuant to RSA 77-A.)		
	(a) IRC Section 179 expense allowed on assets placed in service during the current taxable period.....	3(a)	<u>19018</u>
	(b) Current taxable period depreciation allowable for assets for which the bonus depreciation deductions reported for any taxable period and/or additional IRC Section 179 deductions for any taxable period reported on the federal return.....	3(b)	<u>45005</u>
	(c) Other deductions required due to revisions to the IRC in effect on December 31, 2000.....	3(c)	
	(d) Total deductions [Sum of Line 3(a) through Line 3(c)].....	3(d)	<u>64023</u>
4	Adjustments required on sale of assets acquired and placed in service after September 10, 2001 on which additional IRC Section 179 expense was taken. (The federal calculation of any gain or loss on the sale of these assets must be adjusted to reflect the different New Hampshire basis for the assets.)		
	(a) Federal gain (loss) on sale of assets acquired and placed in service after September 10, 2001 on which the additional IRC Section 179 expense was taken.....	4(a)	
	(b) Gross sales price for assets acquired and placed in service after September 10, 2001 on which the additional IRC Section 179 expense was taken, and sold in the current taxable period.....	4(b)	
	(c) New Hampshire basis of assets acquired and placed in service after September 10, 2001 on which additional IRC Section 179 expense was taken, and sold in the current taxable period.....	4(c)	
	(d) New Hampshire gain (New Hampshire loss) on sale of assets acquired and placed in service after September 10, 2001 on which additional IRC Section 179 expense was taken. [Line 4(b) minus Line 4(c)].....	4(d)	
	(e) Total adjustments for sale of assets [Line 4(d) minus 4(a)].....	4(e)	
5	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(d) plus Line 4(e) (Enter this amount on Line 1(a) of your New Hampshire Corporate Business Profits Tax return).....	5	<u>273986</u>

This schedule must be attached to your Corporate Business Profits Tax Return and you must check the box on the front of the return indicating IRC Reconciliation.



NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
NET OPERATING LOSS (NOL) DEDUCTION

For the CALENDAR year 2008 or other taxable period beginning

Mo Day Year

and ending

Mo Day Year

SEQUENCE # 7

NAME <b>LAKE REGION WATER CO INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <b>[REDACTED]</b>
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COLUMN (A) Ending date of taxable period in which NOL occurred.	COLUMN (B) New Hampshire net operating loss available for carryforward from Net Operating Loss Worksheets.	COLUMN (C) Amount of NOL carryforward which has been used in taxable periods prior to this taxable period.	COLUMN (D) Amount of NOL to be used as a deduction in this taxable period.	COLUMN (E) Amount of NOL to carryforward to future taxable period.
1 7/1 31 2006	1 20441	1 6	1 6	1 20441
2 12 31 2007	2 35515	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9
10	10	10	10	10

11 Amount of NOL carryforward deducted this taxable period.  
(Sum of Column D, Lines 1-10).....

11

This is the amount to be reported on the applicable Business Profits Tax return. NOTE: Column (B) less Column (C) should equal the sum of Column (D) plus Column (E). This amount cannot exceed the New Hampshire Adjusted Gross Business Profits before the NOL deduction.

## WHEN TO USE THIS FORM

Use this form to detail the NOL carryforward amounts which comprise the current tax period NOL deduction taken on Form NH-1040, NH-1041, NH-1065 or NH-1120. This form must be attached to the New Hampshire tax return in the taxable period the NOL deduction is claimed. No loss amounts incurred before 7/1/97, shall contribute to the net operating loss deduction.

## NAME AND SOCIAL SECURITY NUMBER

Enter name and SSN, FEIN, or DIN in the space provided. Social Security Numbers are required pursuant to the authority granted by 42 U.S.C.S., Section 405. Wherever SSN's or FEIN's are required, taxpayers who have been issued a DIN, shall use their DIN only, and not SSN or FEIN.

## Column (A)

Enter the month, day, and year of each taxable period from which the NOL is being carried forward.

## Carry Forward

A net operating loss may be carried forward for the following number of years:

Tax Year Ending On or Before 6/30/02	Carryforward 5 years	Losses Incurred 1/1/89 - 6/30/97
Tax Year ending On or After 7/1/02	Carryforward 10 years	Losses Incurred On or After 7/1/97

## Column (B)

Enter the amount of the NOL which is available for carryforward purposes.

For tax periods ending before July 1, 2005, the carryforward amount is computed by first carrying the loss back three years and then offsetting the loss by any profits during those three tax periods. (However, the carryback cannot result in an amended return or a refund in those carryback years). If a loss remains after carryback and offset, then the remaining loss must be apportioned using the apportionment

percentage of the loss period. The apportioned loss cannot exceed the following limits based on the tax period the loss was incurred:

From July 1, 2003 to June 30, 2004, \$500,000 is the maximum amount that may be carried forward. From July 1, 2004 to June 30, 2005, \$750,000 is the maximum amount that may be carried forward. Prior to July 1, 2003, the maximum amount that may be carried forward is \$250,000.

For tax periods ending on or after July 1, 2005, no carryback is required or allowed. In addition, the maximum amount that may be carried forward was increased to \$1,000,000.

## Column (C)

Enter the NOL amount that was claimed as a deduction in the prior taxable period(s).

## Column (D)

Enter only those amounts that will be claimed as a deduction this taxable period.

## Column (E)

Enter the excess amount(s) available for future deduction.

Administrative Rule Rev 303 of the New Hampshire Business Profits Tax includes guidance on how to compute the NOL. The RSA's and administrative rules regarding NOL provisions (RSA 77-A:4, XIII and Rev 303.03) may be obtained from our web site at [www.nh.gov/revenue](http://www.nh.gov/revenue) or by visiting any New Hampshire Depository Library or the New Hampshire State Library, 20 Park Street, Concord, NH 03301, where copies may be made for a fee. Forms may be ordered for free by calling our forms line at (603) 271-2182. If you do not have access to the internet, or if you have specific questions concerning NOL provisions, contact Central Taxpayer Services, telephone (603) 271-2181. Individuals who need auxiliary aids for effective communications in programs and services of the New Hampshire Department of Revenue Administration are invited to make their needs and preferences known. Individuals with hearing or speech impairments may call TDD Access: Relay NH 1-800-735-2964.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**CORPORATION BUSINESS PROFITS TAX RETURN**  
LINE-BY-LINE INSTRUCTIONS (continued)

**STEP 4: Figure Your Credits**

**Line 7: CREDITS**

Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160. Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.

**Line 8**

Enter the amount of Line 8 minus Line 7.

**Line 9**

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this year's Business Profits Tax, complete the following worksheet.

**Line 10**

Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.

**Line 11**

Enter the amount of Line 8 minus Line 10.  
Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

	BET CREDIT WORKSHEET				
	Taxable period ended 12/31/06	Taxable period ended 12/31/07	Taxable period ended 12/31/08	Taxable period ended	Taxable period ended
A BET Credit Carryforward Amount *See note below	0	2021	4035		
B Current Period BET liability from Form BET, Line 5	2021	2014	2488		
C Expiring BET Credit Carryforward **See note below	( 0 )	( 0 )	( 0 )	( )	( )
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	2021	4035	6523		
E Current Period BPT liability from Form NH-1120, Line 8	0	0	0		
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120	0	0	0		
G Credit Carryforward Amount (Line D minus Line F) Carry this amount forward and indicate on Line A in subsequent period.	2021	4035	6523		

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.  
\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

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Form **1120X**  
(Rev. January 2008)  
Department of the Treasury  
Internal Revenue Service

**Amended U.S. Corporation  
Income Tax Return**

OMB No. 1545-0132

For tax year ending  
**2008**  
(Enter month and year.)

Name  
**LAKE REGION WATER COMPANY, INC**  
Number, street, and room or suite no. (If a P.O. box, see instructions.)  
**P O BOX 389**  
City or town, state, and ZIP code  
**Moulton Brook, NH 03254**

Employer identification number  
**[REDACTED]**

Telephone number (optional)  
**(603) 426 2348**

Enter name and address used on original return (If same as above, write "Same.")

Internal Revenue Service Center  
where original return was filed **CINCINNATI OH**

Fill in applicable items and use Part II on the back to explain any changes

Part I Income and Deductions (see instructions)		(a) As originally reported or as previously adjusted	(b) Net change— increase or (decrease)— explain in Part II	(c) Correct amount
1	Total income (Form 1120 or 1120-A, line 11)	810578	X	810578
2	Total deductions (total of lines 27 and 29c, Form 1120, or lines 23 and 25c, Form 1120-A)	1039559	(56098)	983461
3	Taxable income. Subtract line 2 from line 1	(228981)	(56098)	(172883)
4	Tax (Form 1120, line 31, or Form 1120-A, line 27)	X	X	X

**Payments and Credits (see instructions)**

5a	Overpayment in prior year allowed as a credit	5a		
b	Estimated tax payments	5b		
c	Refund applied for on Form 4466	5c		
d	Subtract line 5c from the sum of lines 5a and 5b	5d		
e	Tax deposited with Form 7004	5e		
f	Credit from Form 2439	5f		
g	Credit for federal tax on fuels and other refundable credits	5g		
6	Tax deposited or paid with (or after) the filing of the original return	6		
7	Add lines 5d through 6, column (c)	7		
8	Overpayment, if any, as shown on original return or as later adjusted	8		
9	Subtract line 8 from line 7	9		

**Tax Due or Overpayment (see instructions)**

10	Tax due. Subtract line 9 from line 4, column (c). If paying by check, make it payable to the "United States Treasury"	10	X	
11	Overpayment. Subtract line 4, column (c), from line 9	11		
12	Enter the amount of line 11 you want: Credited to 20 estimated tax Refunded	12		

Sign Here

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

Signature of officer **[Signature]** Date **2/21/12** Title **PRESIDENT**

Paid Preparer's Use Only

Preparer's signature **[Signature]** Date **2/21/12** Check if self-employed ☒ Preparer's SSN or PTIN **[REDACTED]**  
Firm's name (or yours if self-employed), address, and ZIP code **WILMAN ROBERGE 1207 GORHAM ROAD DUNDAS NH** EIN **[REDACTED]**

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Cat. No. 11530Z

Staff 1-1

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**Part II**

Explanation of Changes to Items in Part I (Enter the line number from page 1 for the items you are changing, and give the reason for each change. Show any computation in detail. Also, see What To Attach on page 3 of the instructions.)

Page 2

If the change is due to a net operating loss carryback, a capital loss carryback, or a general business credit carryback, see Carryback Claims on page 3, and check here ☐

THE COMPANY NEGOTIATED A RETROACTIVE ADJUSTMENT OF A LARGE STOCKHOLDERS NOTE. THE NOTE PRINCIPAL WAS CONVERTED TO PAID IN CAPITAL. ACCRUED INTEREST FOR 2010 WAS FORGIVEN WITH A REDUCTION IN INTEREST EXPENSE AND AN OFFSETTING DECREASE IN OTHER CURRENT LIABILITIES. AS PART OF THE NOTE NEGOTIATIONS THE AMOUNTS ORIGINALLY PAID FOR PERSONS WERE REIMBURSED WITH THE PAYMENTS RECOGNIZED AS A REDUCTION OF PAID IN CAPITAL. BALANCE SHEET 2010 BALANCES WERE ALSO AFFECTED BY THE CHANGES MADE TO 2009 BALANCE REPORTED IN 1120X FOR 2009.

PAGE 1 - LINE 18 INTEREST	AS FILED	CHANGE	AMENDED FILING
	116,992	(40,108)	76,884
PAGE 1 - LINE 23 PERSON	15,950	(15,950)	0
PAGE 4 - LINE 18(d) OTHER	60,159	(58,127)	2,032
PAGE 4 - LINE 19 - SHAREHOLDER LOAN	138,939	(138,939)	0
PAGE 4 - LINE 23 - ADD'L PAID IN CAPITAL	942,080	122,949	1,064,829
PAGE 4 - LINE 25 RETAINED EARNINGS	114,304	94,117	188,421
PAGE 4 - SCH M-1 LINE 1	(199,251)	56,098	(143,153)
PAGE 4 - SCH M-2 LINE 1	313,558	18,019	331,577
PAGE 4 - SCH M-2 LINE 2	(199,251)	56,098	(143,153)

FORM 4582

LINE 10	43,225	(18,019)	25,206
LINE 13	62,243	(18,019)	44,224

BECAUSE THE COMPANY HAD A NET OPERATING LOSS BEFORE & AFTER THE CHANGES NO ADJUSTMENTS TO SECTION 109 CARRYFORWARD REQUIRED OTHER THAN CHANGE DUE TO 1120X FOR 2007 FILED 2/21/12.

For

Staff 1-1

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AMENDED 1120X FILED 2/21/12

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

U.S. Corporation Income Tax Return  
For calendar year 2008 or tax year beginning \_\_\_\_\_, 2008, ending \_\_\_\_\_  
See separate instructions.

OMB No. 1545-0023  
**2008**

**A Check if:**  
1 ☐ Consolidated return (attach Form 990)  
2 ☒ Life/nonlife consolidated return  
3 ☐ Personal holding co. (attach Sch. H)  
4 ☐ Personal service corp. (see instructions)  
5 ☐ Schedule M-3 attached

**Use IRS label. Otherwise, print or type.**  
Name: **Lakes Region Water Co., Inc.**  
Number, street, and room or suite number. If a P.O. box, see instructions  
**P.O. Box 389**  
City or town: **Moultonboro** State: **NH** ZIP code: **03254**

**B Employer identification number**  
**C Date incorporated**  
**D Total assets (see instructions)**

**E Check if:** (1) Initial return (2) Final return (3) Name change (4) Address change

**INCOME**

1 a Gross receipts or sales	812,688.	b Less returns & allowances		c Balance	1c	812,688.
2 Cost of goods sold (Schedule A, line 8)					2	19,423.
3 Gross profit. Subtract line 2 from line 1c					3	793,265.
4 Dividends (Schedule C, line 19)					4	
5 Interest					5	3,452.
6 Gross rents					6	1,670.
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	12,191.
10 Other income (see instructions — attach schedule)					10	
11 Total income. Add lines 3 through 10					11	810,578.

**DEDUCTIONS AND INSTRUCTIONS**

12 Compensation of officers (Schedule E, line 4)					12	75,761.
13 Salaries and wages (less employment credits)					13	139,069.
14 Repairs and maintenance					14	
15 Bad debts					15	5,749.
16 Rents					16	11,700.
17 Taxes and licenses					17	38,463.
18 Interest					18	216,902.
19 Charitable contributions					19	
20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)					20	174,901.
21 Depletion					21	
22 Advertising					22	
23 Pension, profit-sharing, etc. plans					23	15,990.
24 Employee benefit programs					24	19,692.
25 Domestic production activities deduction (attach Form 8903)					25	
26 Other deductions (attach schedule). See Other Deductions Statement					26	441,332.
27 Total deductions. Add lines 12 through 26					27	1,039,559.
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	228,981.
29 Less: a Net operating loss deduction (see instructions)					29a	
b Special deductions (Schedule C, line 20)					29b	
30 Taxable income. Subtract line 29c from line 28 (see instructions)					30	228,981.

**TAX REFUNDABLE CREDITS**

31 Total tax (Schedule J, line 10)					31	
32a 2007 overpayment credited to 2008	32a					
b 2008 estimated tax payments	32b					
c 2008 refund applied for on Form 4466	32c					
d Tax deposited with Form 7004	32d					
f Credits: (1) Form 2438 (2) Form 4138	32e					
g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32f					
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached	32g					
34 Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed	32h					
35 Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid	33					
36 Enter amount from line 35 you want: Credited to 2009 estimated tax Refunded	34					
	35					
	36					

**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.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

**Paid Preparer's Use Only**  
Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_  
Firm's name (or yours if self-employed), address, and ZIP code \_\_\_\_\_  
Check if self-employed ☐ Preparer's SSN or PTIN \_\_\_\_\_  
EIN \_\_\_\_\_  
Phone no. \_\_\_\_\_

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. **CPCA0212 12/01/06**

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Form 1120 (2008) Lakes Region Water Co., Inc.

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

Page 2

1	Inventory at beginning of year	1	45,175.
2	Purchases	2	47,814.
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	92,989.
7	Inventory at end of year	7	73,565.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	19,423.

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

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?

Yes ☐ No ☒

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation

Yes ☐ No ☒

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

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		42	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		48	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		70	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		80	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		100	
8 Dividends from wholly owned foreign subsidiaries			
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		100	
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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas Adam Mason		100.0 %	50.0 %	%	53,040.
	Thomas Albert Mason		50.0 %	%	%	22,721.
			%	%	%	
			%	%	%	
2	Total compensation of officers					75,761.
3	Compensation of officers claimed on Schedule A and elsewhere on return					75,761.
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Form 1120 (2008)

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Form 1120 (2008) Lakes Region Water Co., Inc.

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

Page 3

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"/>	
3	Alternative minimum tax (attach Form 4626)	<input type="checkbox"/>	2
4	Add lines 2 and 3		3
5a	Foreign tax credit (attach Form 1118)		4
b	Credit from Form 8834	5a	
c	General business credit (attach Form 3800)	5b	
d	Credit for prior year minimum tax (attach Form 8827)	5c	
e	Bond credits from Form 8912	5d	
6	Total credits. Add lines 5a through 5e	5e	
7	Subtract line 6 from line 4		6
8	Personal holding company tax (attach Schedule PH (Form 1120))		7
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8811 <input type="checkbox"/> Form 8897 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		8
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		9

**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. <u>221300</u> b Business activity <u>Water Utility</u> c Product or service <u>Water Distribution</u>		
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), or trust 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? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v).		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

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? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv)	Yes	No
	X	

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock
Thomas Adam Mason	██████████	United States	50.00
Barbara G Mason	██████████	United States	50.00

BAA

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Form 1120 (2008)

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Schedule K Continued

Page 4

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

Yes No

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

b Own directly 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

Yes No

If "Yes," complete (i) through (iv)

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

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

Yes No

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?

Yes No

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) >

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?

Yes No

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. > \$

Form 1120 (2008)

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Page 5

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		2,150.		663.
2 a	Trade notes and accounts receivable	109,856.		84,042.	
b	Less allowance for bad debts		109,856.		84,042.
3	Inventories		45,175.		73,566.
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule) . . Ln .6. Stmt.		89,337.		79,334.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10 a	Buildings and other depreciable assets	3,341,180.		3,759,535.	
b	Less accumulated depreciation	855,386.	2,485,794.	926,707.	2,832,828.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)		121,957.		171,847.
13 a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule)				
15	Total assets		2,854,269.		3,242,280.
Liabilities and Shareholders' Equity					
16	Accounts payable		249,890.		249,881.
17	Mortgages, notes, bonds payable in less than 1 year		0.		
18	Other current liabilities (attach sch) . . Ln. 18 Stmt.		350 24,369.		60,359. 2032
19	Loans from shareholders		343,011.		130,739. 20
20	Mortgages, notes, bonds payable in 1 year or more		1102,494 - 994,186		920,126.
21	Other liabilities (attach schedule) . . Ln. 21 Stmt.		711,605.		806,991.
22	Capital stock: a Preferred stock				
b	Common stock	10,000.	10,000.	10,000.	10,000.
23	Additional paid-in capital		2353 227,656.		942,088. 1064 829
24	Retained earnings - Approp (att sch)		1577 313,558.		114,304. 183421
25	Retained earnings - Unappropriated				
26	Adjmt to shareholders' equity (att sch)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		2,854,269.		3,242,280.

**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	(143,153) -199,251.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	0.		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	\$ 146,588.	a	Depreciation	\$ 174,901.
b	Charitable contributions	\$ 25.	b	Charitable contributions	\$
c	Travel & entertainment	\$		See Ln 8 Stmt	1,442.
					176,343.
6	Add lines 1 through 5	3,860 -52,638	9	Add lines 7 and 8	176,343.
			10	Income (page 1, line 28) - line 6 less line 9	-228,983. (122 883)

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

1	Balance at beginning of year	33,577 313,558.	5	Distributions	a Cash	
2	Net income (loss) per books	(143,153) -199,251.	b	Stock	c Property	
3	Other increases (itemize):		6	Other decreases (itemize):		
				See Ln 6 Stmt	3.	3.
4	Add lines 1, 2, and 3	18,424 114,304.	7	Add lines 5 and 6		3.
			8	Balance at end of year (line 4 less line 7)	18,424	114,304.

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Form 1120 (2008)

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Form 4562

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return

Lakes Region Water Co., Inc.

Business or activity to which this form relates

Form 1120 Line 20

# Depreciation and Amortization (Including Information on Listed Property)

See separate instructions. Attach to your tax return.

OMB No. 1545-0172

2008

Attachment  
Sequence No. 67

Identifying number

## Part I

## Election To Expense Certain Property Under Section 179

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

1	Maximum amount. See the instructions for a higher limit for certain businesses . . . . .	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions) . . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	5	250,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	Pumps	23,263.	19,018.
7	Listed property. Enter the amount from line 29 . . . . .	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	8	19,018.
9	Tentative deduction. Enter the smaller of line 5 or line 8 . . . . .	9	19,018.
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562 . . . . .	10	25206 43,225.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) . . . . .	11	0.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11. . . . .	12	0.
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12. . . . .	13	44224 62,243.

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

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

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

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

17	MACRS deductions for assets placed in service in tax years beginning before 2008. . . . .	17	156,395.
----	---	----	----------

Section B - Assets Placed in Service During 2008 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property . . . . .		18,026.	3	hy	150% db	6,008.
b 5-year property . . . . .		6,139.	5	hy	150% db	1,228.
c 7-year property . . . . .		7,121.	10	hy	150% db	713.
d 10-year property . . . . .		501,988.	20	hy	150% db	1,911.
e 15-year property . . . . .		4,909.	25 yrs	hy	S/L	82.
f 20-year property . . . . .			27.5 yrs	MM	S/L	
g 25-year property . . . . .			27.5 yrs	MM	S/L	
h Residential rental property . . . . .		67,914.	39 yrs	MM	S/L	869.
i Nonresidential real property . . . . .		769,494.	50 yrs	MM	S/L	7,695.

Section C - Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System			
20 a Class life . . . . .	b 12-year . . . . .	c 40-year . . . . .	
		12 yrs	S/L
		40 yrs	MM

## Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28 . . . . .	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions . . . . .	22	174,901.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDX20812 06/12/08

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FORM  
**BT-SUMMARY**

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS TAX SUMMARY**

For the CALENDAR year **2008** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

FOR DRA USE ONLY

SEQUENCE # **1**

STEP 1 Print or Type  <input type="checkbox"/> Check box if there has been a name change since last filing	PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
	PROPRIETORSHIP - SPOUSE/CU PARTNER'S LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME <b>LAKE REGION WATER COMPANY INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER
	NUMBER & STREET ADDRESS		DEPARTMENT IDENTIFICATION NUMBER (DIN)
	ADDRESS (continued)		
CITY/TOWN, STATE & ZIP CODE		PRINCIPAL BUSINESS ACTIVITY CODE (Federal)	

**STEP 2**  
Return  
Type  
and  
Federal  
Informa-  
tion

You must answer the following two questions, or your return will be considered incomplete, and may be subject to penalties.

Are You Required To File A BET Return (Receipts Over \$150,000)? YES ☐ NO ☐ If yes, you must attach a completed return to this BT-Summary.

Are You Required To File A BPT Return (Business Income Over \$50,000)? YES ☐ NO ☐

☒ ② CORPORATION ☐ ③ PARTNERSHIP ☐ ① PROPRIETORSHIP ☒ AMENDED RETURN  
☐ ② COMBINED GROUP ☐ ⑤ NON-PROFIT ☐ ④ FIDUCIARY ☐ FINAL RETURN

☐ Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS  
**DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 Instructions.**

**STEP 3**  
COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY

STEP 4 Figure Your Balance Due or Over- payment	1 (a) Business Enterprise Tax Net of Statutory Credits	1(a) <b>2187</b>	
	(b) Business Profits Tax Net of Statutory Credits	1 (b)	<b>2187</b>
	2 PAYMENTS:		
	(a) Tax paid with application for extension	2 (a)	
	(b) Total of this year's estimated tax payments	2 (b)	
	(c) Credit carryover from prior tax period	2 (c)	<b>136</b>
	(d) Paid with original return (Amended returns only)	2 (d)	<b>2624</b>
	3 TAX DUE: (Line 1 minus Line 2)		
	4 ADDITIONS TO TAX:		
	(a) Interest (See Instructions)	4(a)	
	(b) Failure to Pay (See Instructions)	4(b)	
	(c) Failure to File (See Instructions)	4(c)	
(d) Underpayment of Estimated Tax (See Instructions)	4(d)		
5 (a) Subtotal of Amount Due (Line 3 plus Line 4)		5(a)	
5 (b) Return Payment Made Electronically	5(b)		
5 BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape, your payment with this return.		5	
6 OVERPAYMENT: [Line 1 plus Line 4 minus Lines 2 and 5(b)]	6		
7 Apply overpayment amount on Line 6 to:			
(a) Credit - Next Year's Tax Liability	7 (a)	<b>437</b>	
(b) Refund	7 (b)		

**STEP 5**  
Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

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☐ POA: By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

Signature (in ink) and Title if Fiduciary: **X THOMAS A MASON, PRESIDENT** Date: **2/21/12**

Signature (in ink) of Paid Preparer: **VERMAN E ROBERGE** Date: **2/21/12**

Printed Name of Preparer: **VERMAN E ROBERGE**

Preparer's Address: **1207 GORHAM AVE ROAD**

City/Town, State & Zip Code: **BUNBURY NH 0346**

MAIL TO: NH DRA, PO BOX 637, CONCORD NH 03302-0637

Taxpayer's Telephone Number: **603-496-2388** page 7

Preparer's Telephone Number: **603-496-7807**

BT-SUMMARY  
Rev 09/2008

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NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
PARTNERSHIPS, FIDUCIARIES AND NON-PROFIT ORGANIZATIONS

Amended

YOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS RECEIPTS WERE GREATER THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.

SEQUENCE # 2

For the CALENDAR year 2008 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

STEP 1 Print or Type Name	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER	
	LAKES REGION WATER CO INC		[REDACTED]	
If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income of a capital stock or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. If you need Form BET-80 and it is not included in your booklet, it may be obtained from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or by calling (603) 271-2192.				
STEP 2 Compute the Tax- able Enterprise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	214,830	
	3 Interest Paid or Accrued	3	76,794	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			
STEP 3 Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			4 291,624
	6 STATUTORY CREDITS			5 2187.
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 9/07/07.	6(d)		
	(e) RSA 162-Q Coos County Job Creation Tax Credit	6(e)		
	7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			7 2187.

For the CALENDAR year 2008 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

SEQUENCE # 4A

Due Date for CALENDAR year filers is on or before March 16, 2009 or the 15th day of the 3rd month after the close of the taxable period.  
**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

STEP 1 Print or Type	NAME OF CORPORATION	FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER
	LAKES REGION WATER CO INC	
STEP 2 Questions		
A	Is the corporation filing its tax return on an IRS approved 52/53 week tax year? ..... Yes _____ No _____ If yes, provide the period beginning _____ and ending _____ date.	
B	Does the corporation file with the IRS as part of a federal consolidated return? ..... Yes _____ No _____	
C	Is this corporation affiliated with any other business organization that files business tax returns with this department? Identify by name and FEIN: ..... Yes _____ No _____	
D	Does the corporation file as part of a unitary group in any other jurisdiction? ..... Yes _____ No _____	
E	Is this a "combined" business profits tax return? ..... Yes _____ No _____ If the answer to "E" is yes, do not complete this return. You must file a NH-1120-WE return. You may download the Business tax forms for Combined Groups from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or call (603) 271-2192 to request the business tax booklet for Combined Groups.	
STEP 3 Figure Your Taxes		
1	Gross Business Profits	
(a)	Taxable income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is taken enter the amount from Line 5 of the Corporate Schedule R. (Attach copy of federal return) 1(a) <u>217888</u>	
(b)	Separate entity and other items of income or expense not allowed for on this form (attach schedule) 1(b) _____	
(c)	New Hampshire Gross Business Profits (Combine Line 1(a) and Line 1(b)) (If negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions) 1(c) <u>217888</u>	
2	Additions and Deductions	
(a)	Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state) 2(a) <u>2016</u>	
(b)	New Hampshire Net Operating Loss Deduction (Attach Form DP-132) 2(b) ( )	
(c)	Interest on direct US Obligations 2(c) ( )	
(d)	Wage adjustment required by IRC Section 280C 2(d) ( )	
(e)	Foreign dividend gross-up (IRC Section 78) 2(e) ( )	
(f)	Add back expenses related to constitutionally exempt income 2(f) ( )	
(g)	Research contribution (See RSA 77-A:4 XII. Attach computation) 2(g) ( )	
(h)	Interest and Dividends subject to tax under RSA 77 (Attach a schedule detailing name, FEIN and amount) 2(h) ( )	
(i)	Add back return of capital from Qualified Investment Capital Company... 2(i) ( )	
(j)	Combine Lines 2(a) through 2(i). (If negative, show in parenthesis) 2(j) <u>2016</u>	
3	Adjusted Gross Business Profits (Line 1(c) adjusted by Line 2(j). If negative, show in parenthesis). 3 <u>215872</u>	
4	New Hampshire Apportionment (Attach Form DP-80) 4	
5	New Hampshire Taxable Business Profits (Line 3 x Line 4. If negative, enter zero.) 5	
6	New Hampshire Business Profits Tax (Line 5 x 8.5%) 6	
STEP 4 Figure Your Credits		
7	Credits allowed under RSA 77-A:5 (Attach Form DP-180) 7	
8	Subtotal (Line 6 minus Line 7) 8	
9	New Hampshire Business Enterprise Tax Credit 9	
10	New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 8 or Line 9) 10	
11	New Hampshire Business Profits Tax Net of Statutory Credits (Line 8 minus Line 10) 11	

ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY.  
THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATE BUSINESS PROFITS TAX RECONCILIATION OF NEW  
HAMPSHIRE GROSS BUSINESS PROFITS SCHEDULE R

A METHOD

SEQUENCE #48

For the CALENDAR year \_\_\_\_\_ or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME <b>LAKE REGION UNITED CO INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER DEPARTMENT IDENTIFICATION NUMBER <b>[REDACTED]</b>
--	---

This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal corporate income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000. The revised calculation of federal income shall be used for the New Hampshire Gross Business Profits on Line 1(a) of the NH-1120.

1	Federal Income (Loss) from business activities from return filed with IRS.....	1	<b>&lt; 172 883 &gt;</b>
2	Additions required to federal income:		
	(a) IRC Section 179 expense taken on federal return for assets placed in service during the current taxable period.....	2(a)	<b>19018</b>
	(b) Bonus depreciation on assets acquired and placed in service after September 10, 2001, (Federal Form 4562) .....	2(b)	
	(c) Current period depreciation reported on federal return for assets for which additional IRC Section 179 deductions were reported in any taxable period and/or for which bonus depreciation was reported in any taxable period.....	2(c)	
	(d) Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000.....	2(d)	
	(e) Total additions [Sum of Line 2(a) through Line 2(d)].....	2(e)	<b>19018</b>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service in 2001 through 2008 using the IRC in effect pursuant to RSA 77-A.)		
	(a) IRC Section 179 expense allowed on assets placed in service during the current taxable period.....	3(a)	<b>19018</b>
	(b) Current taxable period depreciation allowable for assets for which the bonus depreciation deductions reported for any taxable period and/or additional IRC Section 179 deductions for any taxable period reported on the federal return.....	3(b)	<b>45005</b>
	(c) Other deductions required due to revisions to the IRC in effect on December 31, 2000 .....	3(c)	
	(d) Total deductions [Sum of Line 3(a) through Line 3(c)].....	3(d)	<b>64023</b>
4	Adjustments required on sale of assets acquired and placed in service after September 10, 2001 on which additional IRC Section 179 expense was taken. (The federal calculation of any gain or loss on the sale of these assets must be adjusted to reflect the different New Hampshire basis for the assets.)		
	(a) Federal gain (loss) on sale of assets acquired and placed in service after September 10, 2001 on which the additional IRC Section 179 expense was taken.....	4(a)	
	(b) Gross sales price for assets acquired and placed in service after September 10, 2001 on which the additional IRC Section 179 expense was taken, and sold in the current taxable period .....	4(b)	
	(c) New Hampshire basis of assets acquired and placed in service after September 10, 2001 on which additional IRC Section 179 expense was taken, and sold in the current taxable period .....	4(c)	
	(d) New Hampshire gain (New Hampshire loss) on sale of assets acquired and placed in service after September 10, 2001 on which additional IRC Section 179 expense was taken. [Line 4(b) minus Line 4(c)].....	4(d)	
	(e) Total adjustments for sale of assets [Line 4(d) minus 4(a)].....	4(e)	
5	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(d) plus Line 4(e) (Enter this amount on Line 1(a) of your New Hampshire Corporate Business Profits Tax return) .....	5	<b>&lt; 217 888 &gt;</b>

This schedule must be attached to your Corporate Business Profits Tax Return and you must check the box on the front of the return indicating IRC Reconciliation.

Corp Schedule R  
Rev. 09/2008

For the CALENDAR year 2008 or other taxable period beginning

and ending

SEQUENCE # 7

NAME LAKES REGION WATER CO INC		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER		
COLUMN (A) Ending date of taxable period in which NOL occurred.	COLUMN (B) New Hampshire net operating loss available for carryforward from Net Operating Loss Worksheets.	COLUMN (C) Amount of NOL carryforward which has been used in taxable periods prior to this taxable period.	COLUMN (D) Amount of NOL to be used as a deduction in this taxable period.	COLUMN (E) Amount of NOL to carryforward to future taxable period.
1 12 31 06	1 20441	1	1	1 20441
2 12 31 07	2 19510	2	2	2 19510
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9
10	10	10	10	10

11 Amount of NOL carryforward deducted this taxable period.

(Sum of Column D, Lines 1-10).....

11

This is the amount to be reported on the applicable Business Profits Tax return. NOTE: Column (B) less Column (C) should equal the sum of Column (D) plus Column (E). This amount cannot exceed the New Hampshire Adjusted Gross Business Profits before the NOL deduction.

## WHEN TO USE THIS FORM

Use this form to detail the NOL carryforward amounts which comprise the current tax period NOL deduction taken on Form NH-1040, NH-1041, NH-1065 or NH-1120. This form must be attached to the New Hampshire tax return in the taxable period the NOL deduction is claimed. No loss amounts incurred before 7/1/97, shall contribute to the net operating loss deduction.

## NAME AND SOCIAL SECURITY NUMBER

Enter name and SSN, FEIN, or DIN in the space provided. Social Security Numbers are required pursuant to the authority granted by 42 U.S.C.S., Section 405. Wherever SSN's or FEIN's are required, taxpayers who have been issued a DIN, shall use their DIN only, and not SSN or FEIN.

## Column (A)

Enter the month, day, and year of each taxable period from which the NOL is being carried forward.

## Carry Forward

A net operating loss may be carried forward for the following number of years:

Tax Year Ending On or Before 6/30/02	Carryforward 5 years	Losses Incurred 1/1/89 - 6/30/97
Tax Year ending On or After 7/1/02	Carryforward 10 years	Losses Incurred On or After 7/1/97

## Column (B)

Enter the amount of the NOL which is available for carryforward purposes.

For tax periods ending before July 1, 2005, the carryforward amount is computed by first carrying the loss back three years and then offsetting the loss by any profits during those three tax periods. (However, the carryback cannot result in an amended return or a refund in those carryback years). If a loss remains after carryback and offset, then the remaining loss must be apportioned using the apportionment

percentage of the loss period. The apportioned loss cannot exceed the following limits based on the tax period the loss was incurred:

From July 1, 2003 to June 30, 2004, \$500,000 is the maximum amount that may be carried forward. From July 1, 2004 to June 30, 2005, \$750,000 is the maximum amount that may be carried forward. Prior to July 1, 2003, the maximum amount that may be carried forward is \$250,000.

For tax periods ending on or after July 1, 2005, no carryback is required or allowed. In addition, the maximum amount that may be carried forward was increased to \$1,000,000.

## Column (C)

Enter the NOL amount that was claimed as a deduction in the prior taxable period(s).

## Column (D)

Enter only those amounts that will be claimed as a deduction this taxable period.

## Column (E)

Enter the excess amount(s) available for future deduction.

Administrative Rule Rev 303 of the New Hampshire Business Profits Tax includes guidance on how to compute the NOL. The RSA's and administrative rules regarding NOL provisions (RSA 77-A:4,XIII and Rev 303.03) may be obtained from our web site at [www.nh.gov/revenue](http://www.nh.gov/revenue) or by visiting any New Hampshire Depository Library or the New Hampshire State Library, 20 Park Street, Concord, NH 03301, where copies may be made for a fee. Forms may be ordered for free by calling our forms line at (603) 271-2192. If you do not have access to the Internet, or if you have specific questions concerning NOL provisions, contact Central Taxpayer Services, telephone (603) 271-2191. Individuals who need auxiliary aids for effective communications in programs and services of the New Hampshire Department of Revenue Administration are invited to make their needs and preferences known. Individuals with hearing or speech impairments may call TDD Access: Relay NH 1-800-735-2964.

STEP 4: Figure Your Credits

Line 7: CREDITS

Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160, Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.

Line 8

Enter the amount of Line 6 minus Line 7.

Line 9

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this years Business Profits Tax, complete the following worksheet.

Line 10

Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.

Line 11

Enter the amount of Line 8 minus Line 10.  
Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

	Taxable period ended 12/31/06	Taxable period ended 12/31/07	Taxable period ended 12/31/08	Taxable period ended	Taxable period ended
A BET Credit Carryforward Amount *See note below	8	2021	3899		
B Current Period BET liability from Form BET, Line 5	2021	1878	2187		
C Expiring BET Credit Carryforward **See note below	( 8 )	( 8 )	( 8 )	( )	( )
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	2021	3899	6086		
E Current Period BPT liability from Form NH-1120, Line 8	8	8	8		
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120	8	8	8		
G Credit Carryforward Amount (Line D minus Line F) Carry this amount forward and indicate on Line A in subsequent period.	2021	3899	6086		

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.

\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.



2009

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<b>Form 1120</b> Department of the Treasury Internal Revenue Service		<b>U.S. Corporation Income Tax Return</b> For calendar year 2009 or tax year beginning _____, 2009, ending _____, 2009 See separate instructions.		OMB No. 1545-0123 <b>2009</b>
<b>A Check if:</b> 1 a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input checked="" type="checkbox"/> 2 Personal holding co (attach Sch PH) <input type="checkbox"/> 3 Personal service corp (see instr) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>		<b>Name</b> Lakes Region Water Co., Inc. Number, street, and room or suite number, if a P.O. box, see instructions. P.O. Box 389 City or town Moultonboro state NH ZIP code 03254		<b>B Employer identification number</b> [REDACTED] <b>C Date incorporated</b> 01/28/1975 <b>D Total assets (see instructions)</b> \$ 3,247,855.
<b>E Check if:</b> (1) Initial return (2) Final return (3) Name change (4) Address change				
INCOME	1 a Gross receipts or sales 990,964. b Less returns & allowances		c Balance 990,964.	
	2 Cost of goods sold (Schedule A, line 8)		2 74,680.	
	3 Gross profit. Subtract line 2 from line 1c		3 916,284.	
	4 Dividends (Schedule C, line 19)		4	
	5 Interest		5 4,594.	
	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 26,929.	
	10 Other income (see instructions - attach schedule)		10	
11 Total income. Add lines 3 through 10		11 947,807.		
DEDUCTIONS FOR AGGREGATE OR INDIVIDUALS	12 Compensation of officers (Schedule E, line 4)		12 33,063.	
	13 Salaries and wages (less employment credits)		13 181,148.	
	14 Repairs and maintenance		14	
	15 Bad debts		15 6,956.	
	16 Rents		16 1,000.	
	17 Taxes and licenses		17 47,203.	
	18 Interest		18 96,941.	
	19 Charitable contributions		19	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		20 97,306.	
	21 Depletion		21	
22 Advertising		22		
23 Pension, profit-sharing, etc. plans		23 53,389.		
24 Employee benefit programs		24 25,302.		
25 Domestic production activities deduction (attach Form 8903)		25		
26 Other deductions (attach schedule) - See Other Deductions Statement		26 405,499.		
27 Total deductions. Add lines 12 through 26		27 947,807.		
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28 0.		
29 Less: a Net operating loss deduction (see instructions) 29a		29b		
b Special deductions (Schedule C, line 20)		29c		
30 Taxable income. Subtract line 29c from line 28 (see instructions)		30 0.		
31 Total tax (Schedule J, line 10)		31		
32a 2008 overpayment credited to 2009 32a		32b		
b 2009 estimated tax payments 32b		32c		
c 2009 refund applied for on Form 4466 32c		d Bal 32d		
e Tax deposited with Form 7004 32e		32f		
f Credits: (1) Form 2439 (2) Form 4136 32f		32g		
g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c 32g		32h		
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 2010 estimated tax 36		Refunded 36		
<b>Sign Here</b> Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Signature of officer [Signature] Date 11/4/10 Title President		Preparer's signature [Signature] Date 11/3/10 Check if self-employed <input checked="" type="checkbox"/> Preparer's SSN or PTIN [REDACTED] EIN [REDACTED]		
<b>Paid Preparer's Use Only</b> Firm's name (or yours if self-employed), address, and ZIP code NORMAN E ROBERGE 1207 GURHAM ROAD MOUNTAIN NH 03046		Phone no. 603-897-8903		

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. CPC00212 08/25/09 Form 1120 (2009)

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

1	Inventory at beginning of year	1	73,566.
2	Purchases	2	46,247.
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	119,813.
7	Inventory at end of year	7	45,133.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	74,680.

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

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

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

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

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas Albert Mason		50.0 %	%	%	33,063.
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					33,063.
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					33,063.

Form 1120 (2009)

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

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
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
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10

**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. > 221300		
b	Business activity > Water Utility		
c	Product or service > Water Distribution		
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	
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

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 ..... X  
 If "Yes," complete (i) through (iv)

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

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) ..... X  
 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? ..... X  
 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) ▶ \_\_\_\_\_

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) ▶ \$ 228,981

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? ..... X

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ \_\_\_\_\_

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....		663.		5,034.
2a Trade notes and accounts receivable .....	84,042.		95,988.	
b Less allowance for bad debts .....		84,042.		95,988.
3 Inventories .....		73,566.		45,133.
4 U.S. government obligations .....				
5 Tax-exempt securities (see instructions) .....				
6 Other current assets (attach schedule) .. Ln. 6. Stmt .....		79,334.		46,336.
7 Loans to shareholders .....				
8 Mortgage and real estate loans .....				
9 Other investments (attach schedule) .....				
10a Buildings and other depreciable assets .....	3,759,535.		3,911,323.	
b Less accumulated depreciation .....	926,707.	2,832,828.	1,036,701.	2,874,622.
11a Depletable assets .....				
b Less accumulated depletion .....				
12 Land (net of any amortization) .....		171,847.		180,742.
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....				
14 Other assets (attach schedule) .....				
15 Total assets .....		3,242,280.		3,247,855.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable .....		249,881.		374,802.
17 Mortgages, notes, bonds payable in less than 1 year .....				
18 Other current liabilities (attach sch) .. Ln. 18. Stmt .....		60,159.		80,910.
19 Loans from shareholders .....		138,739.		190,855.
20 Mortgages, notes, bonds payable in 1 year or more .....		920,126.		969,063.
21 Other liabilities (attach schedule) .. Ln. 21. Stmt .....		806,991.		790,080.
22 Capital stock: a Preferred stock .....				
b Common stock .....	10,000.	10,000.	10,000.	10,000.
23 Additional paid-in capital .....		942,080.		942,080.
24 Retained earnings -- Approp (att sch) .....				
25 Retained earnings -- Unappropriated .....		114,304.		-93,370.
26 Adjmnt to shareholders' equity (att sch) .. Ln. 26. Stmt .....				-16,565.
27 Less cost of treasury stock .....				
28 Total liabilities and shareholders' equity .....		3,242,280.		3,247,855.

**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 .....	-207,674.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books .....	0.	Tax-exempt interest \$ .....	
3 Excess of capital losses over capital gains .....			
4 Income subject to tax not recorded on books this year (itemize):			
See Ln 4 Stmt .....	26,934.		
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 .....	165,259.	a Depreciation .. \$ .....	97,306.
b Charitable contributions .. \$ .....		b Charitable contribns \$ .....	
c Travel & entertainment .. \$ .....		See Ln 8 Stmt .....	
See Ln 5 Stmt .....	112,787.		97,306.
	278,045.	9 Add lines 7 and 8 .....	97,306.
6 Add lines 1 through 5 .....	97,306.	10 Income (page 1, line 28) -- line 6 less line 9 .....	0.

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

1 Balance at beginning of year .....	114,304.	5 Distributions .....	a Cash .....
2 Net income (loss) per books .....	-207,674.	b Stock .....	c Property .....
3 Other increases (itemize): .....		6 Other decreases (itemize): .....	
4 Add lines 1, 2, and 3 .....	-93,370.	7 Add lines 5 and 6 .....	
		8 Balance at end of year (line 4 less line 7) .....	-93,370.

**SCHEDULE G**  
(Form 1120)

Department of the Treasury

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

- ▶ Attach to Form 1120.
- ▶ See Instructions.

OMB No. 1545-0123

2009

Name \_\_\_\_\_

Employer identification number (EIN)

Lakes Region Water Co., Inc.

**Part I** Certain Entities Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4a).

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

[illegible]

**Part II** Certain Individuals and Estates Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4b).

Complete columns (i) through (v) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

[illegible]

**BAA** For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 1120.

CPCA1901 12/30/09

Form Schedule G (Form 1120) (2009)

**Staff 1-1**

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Form 4562

Department of the Treasury  
Internal Revenue Service (99)Depreciation and Amortization  
(Including Information on Listed Property)

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

OMB No. 1545-0172

2009

Attachment  
Sequence No. 67

Name(s) shown on return

Lakes Region Water Co., Inc.

Business or activity to which this form relates

Form 1120 Line 20

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

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

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	34,479.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
Pumps	28,959.	28,959.	
See Additional Section 179 Property Statement		5,520.	
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	34,479.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	34,479.
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	62,243.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	18,537.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	18,537.
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	78,185.

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

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

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

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

Section A	
17	MACRS deductions for assets placed in service in tax years beginning before 2009
17	64,749.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>

Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		18,895.	1	HY	DDB200	6,288.
b 5-year property						
c 7-year property		41,200.	1	HY	DDB200	5,887.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	Various		39 yrs	MM	S/L	
	Various	129,762.	var	MM	S/L	1,845.
Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

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

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	97,306.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FD20812 07/07/09

Form 4562 (2009)

Staff 1-1 7/



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

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

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

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

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

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

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

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

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

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

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

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year .....					43
44 Total. Add amounts in column (f). See the instructions for where to report .....					44

Form 4797

Department of the Treasury  
Internal Revenue Service (99)

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

OMB No. 1545-0184

**2009**Attachment  
Sequence No. 27

Name(s) shown on return

Lakes Region Water Co., Inc.

Identifying number

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 on Form(s) 1099-B or 1099-S  
(or substitute statement) that you are including on line 2, 10, or 20 (see instructions) ..... 1

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

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	pumphouse (hv)	01/01/65	02/01/09	0	3842	4711	-869
	pumphouse (bh)	01/01/95	12/10/09	0	346	1222	-876
	pump (feh)	02/16/98	10/05/09	0	943	943	0
	See Additional Part I, Line 2 Sales			0	4803	6193	-1390

- 3 Gain, if any, from Form 4684, line 43 ..... 3
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 ..... 4
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 ..... 5
- 6 Gain, if any, from line 32, from other than casualty or theft ..... 6 0.
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:  
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. ..... 7 -3,135.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) ..... 8
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) ..... 9

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

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

11	Loss, if any, from line 7	11	-3,135.
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	30,064.
14	Net gain or (loss) from Form 4684, lines 35 and 42a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	26,929.
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a	If the loss on line 11 includes a loss from Form 4684, line 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from Form 4797, line 18a. See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14.	18b	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2009)

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

19(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
<b>A</b> Excavator	08/02/04	11/13/2009
<b>B</b> 2006 Sierra	06/30/06	05/01/2009
<b>C</b>		
<b>D</b>		

These columns relate to the properties on lines 19A through 19D		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	15,000.	23,500.	
21	Cost or other basis plus expense of sale	21	35,432.	40,919.	
22	Depreciation (or depletion) allowed or allowable	22	26,996.	40,919.	
23	Adjusted basis. Subtract line 22 from line 21	23	8,436.	0.	
24	Total gain. Subtract line 23 from line 20	24	6,564.	23,500.	
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22	25a	26,996.	40,919.	
b	Enter the smaller of line 24 or 25a	25b	6,564.	23,500.	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instrs)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 & before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instrs)	29b			

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

30	Total gains for all properties. Add property columns A through D, line 24	30	30,064.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	30,064.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 37. Enter the portion from other than casualty or theft on Form 4797, line 6	32	0.

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

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

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Form 4797 (2009)

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Form 1120, Page 1, Line 26  
Other Deductions Statement

Chemicals	19,506.
Contracted Services	63,826.
Equipment Lease	3,175.
Insurance	48,317.
Legal & Accounting	87,945.
Membership Fees	413.
Misc Field Expenses	45.
Office Expense	29,995.
Operating Permits	5,100.
Electrical	81,457.
Purchased Water	4,387.
Rate Case Expenses	18,001.
Regulatory Expenses	2,521.
Telephone	8,255.
Water Tests	20,043.
Vehicle Expenses	33,768.
Amortization of Contribution in Aid of Construction	-21,255.
Total	405,499.

Form 1120, Page 5, Schedule L, Line 6  
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Deferred expense	33,365.	30,215.
Unamortized debt financing	28,273.	8,789.
Misc deferred costs	17,696.	7,332.
Total	79,334.	46,336.

Form 1120, Page 5, Schedule L, Line 18  
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued Expenses	60,159.	80,910.
Total	60,159.	80,910.

Form 1120, Page 5, Schedule L, Line 21  
Ln 21 Stmt

Other Liabilities:	Beginning of tax year	End of tax year
Deferred income taxes	105,511.	105,511.
Contributions in Aid of Construction (net)	701,480.	684,569.
Total	806,991.	790,080.

Form 1120, Page 5, Schedule L, Line 26  
Ln 26 Stmt

Adjustments to Shareholders' Equity:	Beginning of tax year	End of tax year
Fees incurred to increase add'l pd in capital		-16,565.
Total		<u>-16,565.</u>

Form 1120, Page 4, Schedule M-1, Line 4  
Ln 4 Stmt

Gain / Loss on asset retirements	26,929.
rounding	5.
Total	<u>26,934.</u>

Form 1120, Page 4, Schedule M-1, Line 5  
Ln 5 Stmt

Non-deductible memberships	947.
Court fine	110,000.
Amort. equity financing costs	1,840.
Total	<u>112,787.</u>

Form 1120, Page 4, Schedule M-1, Line 8  
Ln 8 Stmt

1231 loss	
Total	

Form 4562, line 6  
Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
Meters	4,435.	4,435.
Misc Equip	1,085.	1,085.
Total		<u>5,520.</u>

Form 4797, Page 1, Line 2  
Additional Part I, Line 2 Sales

pump (pc)	07/01/86	11/22/09	0	1300	1300	0
Pump (wg)	08/01/03	02/01/09	0	475	869	-394
pump (qq)	07/01/01	04/10/09	0	2903	3853	-950
meters (wp)	07/01/84	07/01/09	0	71	71	0
meters (pc)	07/01/87	07/01/09	0	54	100	-46
Total			0	4803	6193	-1390

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## Supporting Statement of:

Description	Amount
Availability Charges - unmetered	274,042.
Availability Charges - metered	623,821.
Disconnect / Reconnect	13,427.
House transfers	3,063.
Payment pickups	780.
Meter maintenance	221.
Maintenance on customer property	10,409.
Customer bad check charges	180.
Sales outside contractors	47,020.
Rate Case Surcharge	18,001.
	0.
Total	990,964.

## Supporting Statement of:

Two Year Comparison/Line 1a- 2008 column

Description	Amount
Rate Case Surcharge	33,276.
Sales to Outside Contractors	27,707.
Maintenance on Customer Property	3,538.
Meter maintenance	457.
Disconnects	17,005.
Water Sales	730,705.
Total	812,688.

FORM  
**BT-SUMMARY**

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS TAX SUMMARY**

For the CALENDAR year **2009** or other taxable period beginning and ending

FOR DRA USE ONLY

SEQUENCE # **1**

**STEP 1**  
Print or Type  
☐ Check box if there has been a name change since last filing

PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
PROPRIETORSHIP - SPOUSE/CU PARTNER'S LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME <b>LAKE RECIVY WATER CO INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER
NUMBER & STREET ADDRESS <b>PO BOX 359</b>		DEPARTMENT IDENTIFICATION NUMBER (DIN)
ADDRESS (continued)		
CITY/TOWN, STATE & ZIP CODE <b>MOULTON BORO NH 03254</b>		PRINCIPAL BUSINESS ACTIVITY CODE (Federal) <b>221300</b>

**STEP 2**  
Return Type and Federal Information

If yes to one or both of the following questions you must complete this BT-SUMMARY or your return will be considered incomplete and may be subject to penalties.

Are You Required To File A BET Return (Gross Business Receipts over \$150,000, or Enterprise Value Tax Base over \$75,000)? ☐ YES ☐ NO

Are You Required To File A BPT Return (Gross Business Income Over \$50,000)? ☐ YES ☐ NO

☒ ② CORPORATION ☐ ③ PARTNERSHIP ☐ ① PROPRIETORSHIP ☐ AMENDED RETURN  
☐ ② COMBINED GROUP ☐ ⑤ NON-PROFIT ☐ ④ FIDUCIARY ☐ FINAL RETURN

☐ Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS

**DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 instructions.**

**STEP 3** COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY

**STEP 4**  
Figure Your Balance Due or Overpayment

1 (a) Business Enterprise Tax Net of Statutory Credits	1(a)	<b>2334</b>	
(b) Business Profits Tax Net of Statutory Credits	1(b)		<b>2334</b>
2 PAYMENTS:			
(a) Tax paid with application for extension	2(a)		
(b) Total of this year's estimated tax payments	2(b)		
(c) Credit carryover from prior tax period	2(c)		
(d) Paid with original return (Amended returns only)	2(d)		
3 TAX DUE: (Line 1 minus Line 2)			<b>2334</b>
4 ADDITIONS TO TAX:			
(a) Interest (See Instructions)	4(a)		
(b) Failure to Pay (See Instructions)	4(b)		
(c) Failure to File (See Instructions)	4(c)		
(d) Underpayment of Estimated Tax (See Instructions)	4(d)		
5 (a) Subtotal of Amount Due (Line 3 plus Line 4)			<b>2334</b>
(b) Return Payment Made Electronically	5(b)		
5 BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.nh.gov/taxation">www.nh.gov/taxation</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape your payment with this return.			<b>2334</b>
6 OVERPAYMENT: [Line 1 plus Line 4 minus Lines 2 and 5(b)]	6		
7 Apply overpayment amount on Line 6 to:			
(a) Credit - Next Year's Tax Liability			<b>DO NOT PAY</b>
(b) Refund (Allow 12 weeks for processing)			

**STEP 5** THIS RETURN MUST BE ACCOMPANIED BY COMPLETE AND LEGIBLE COPIES OF THE APPROPRIATE FEDERAL FORMS AND SCHEDULES.

FOR DRA USE ONLY

Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

☐ POA By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

**X** Signature (in ink) and Title if Fiduciary **PRESIDENT** Date **11/1/10**

**X** If joint return, BOTH parties must sign, even if only one had income Date **11/1/10**

☐ Filing as surviving spouse/CU Partner

Print Signatory Name **NORMAN E ROBERGE** Preparer's Identification Number **6034828703**

MAIL NH DRA PO BOX 637 TO: CONCORD NH 03302-0637 Taxpayer's Telephone Number **1207 GERRARD ROAD** Preparer's Address **CONCORD NH 03302** City/Town, State & Zip Code

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
COMBINED GROUPS, PARTNERSHIPS, FIDUCIARIES AND  
NON-PROFIT ORGANIZATIONS

SEQUENCE # 2

YOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS BUSINESS RECEIPTS WERE  
GREATER THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.For the CALENDAR year 2009 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

<b>STEP 1</b> Print or Type Name	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER	
	LAKES REGION WATER CO, INC		[REDACTED]	
<small>If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a capital stock tax, or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. Combined groups must complete Form BET-80-WE to determine the values for Lines 1, 2 and 3. If you need Form BET-80 or BET-80-WE it may be obtained from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or by calling (603) 271-2192.</small>				
<b>STEP 2</b> Compute the Tax- able Enterprise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	214,211	
	3 Interest Paid or Accrued	3	96,941	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			4 311,152
<b>STEP 3</b> Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			5 2,334
	6 STATUTORY CREDITS			
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 9/07/07.	6(d)		
	(e) RSA 162-Q Coos County Job Creation Tax Credit	6(e)		6
7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			7 2,334	



For the CALENDAR year 2009 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Due Date for CALENDAR year filers is on or before March 15, 2010 or the 15th day of the 3rd month after the close of the taxable period.  
**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

SEQUENCE # 4A

STEP 1 Print or Type	NAME OF CORPORATION	FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER
STEP 2 Questions	LAKES REGION WATER CO., INC.	
A	Is the corporation filing its tax return on an IRS approved 52/53 week tax year? If yes, provide the period beginning _____ and ending _____ date.	Yes _____ No <input checked="" type="checkbox"/>
B	Does the corporation file with the IRS as part of a federal consolidated return?	Yes _____ No <input checked="" type="checkbox"/>
C	Is this corporation affiliated with any other business organization that files business tax returns with this department? Identify by name and FEIN: _____	Yes _____ No <input checked="" type="checkbox"/>
D	Does the corporation file as part of a unitary group in any other jurisdiction?	Yes _____ No <input checked="" type="checkbox"/>
E	Is this a "combined" business profits tax return? If the answer to "E" is yes, do not complete this return. You must file a NH-1120-WE return. You may download the Business tax forms for Combined Groups from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or call (603) 271-2192 to request the business tax booklet for Combined Groups.	Yes _____ No <input checked="" type="checkbox"/>
STEP 3 Figure Your Taxes	1 Gross Business Profits (a) Taxable income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is required the amount from Line 4 of the Schedule R. (Attach copy of federal return) 1(a) <input checked="" type="checkbox"/> (b) Separate entity and other items of income and expense not allowed for on this form (attach schedule) 1(b) _____ (c) New Hampshire Gross Business Profits [Combine Line 1(a) and Line 1(b)] (if negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions) 1(c) <input checked="" type="checkbox"/>	SCH R IRC RECONCILIATION <input checked="" type="checkbox"/>
2	Additions and Deductions (a) Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state) 2(a) 2390 (b) New Hampshire Net Operating Loss Deduction (Attach Form DP-132) 2(b) ( 2390 ) (c) Interest on direct US Obligations 2(c) ( ) (d) Wage adjustment required by IRC Section 280C 2(d) ( ) (e) Foreign dividend gross-up (IRC Section 78) 2(e) ( ) (f) Add back expenses related to constitutionally exempt income 2(f) _____ (g) Research contribution (See RSA 77-A:4 XII. Attach computation) 2(g) ( ) (h) Interest and Dividends subject to tax under RSA 77 (repealed for taxable periods ending on or after 12/31/09) 2(h) _____ (i) Add back return of capital from Qualified Investment Capital Company 2(i) _____ (j) Combine Lines 2(a) through 2(i). (If negative, show in parenthesis) 2(j) _____	
3	Adjusted Gross Business Profits (Line 1(c) adjusted by Line 2(j). If negative, show in parenthesis) 3	<input checked="" type="checkbox"/>
4	New Hampshire Apportionment (Attach Form DP-80) 4	
5	New Hampshire Taxable Business Profits (Line 3 x Line 4. If negative, enter zero.) 5	
6	New Hampshire Business Profits Tax (Line 5 x 8.5%) 6	<input checked="" type="checkbox"/>
STEP 4 Figure Your Credits	7 Credits allowed under RSA 77-A:5 (Attach Form DP-160) 7	
8	Subtotal (Line 6 minus Line 7) 8	<input checked="" type="checkbox"/>
9	New Hampshire Business Enterprise Tax Credit 9	
10	New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 8 or Line 9) 10	
11	New Hampshire Business Profits Tax Net of Statutory Credits (Line 8 minus Line 10) 11	

ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY.  
THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS PROFITS TAX RECONCILIATION OF NEW HAMPSHIRE  
GROSS BUSINESS PROFITS SCHEDULE R  
FOR CORPORATE, NON-CORPORATE AND COMBINED GROUPS

SEQUENCE #48

For the CALENDAR year 2009 or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME OF BUSINESS ORGANIZATION <u>LAKE REGION WATER CO., INC.</u>	FEDERAL EMPLOYER IDENTIFICATION NUMBER, SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <u>[REDACTED]</u>
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This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000.

1	Federal Income (Loss) from business activities from return filed with IRS or Line 9 from NH-1120-WE, Schedule I .....	1	<input checked="" type="checkbox"/>
2	Additions required to federal income:		
(a)	IRC Section 179 expense taken on federal return in excess of \$20,000 including carryover amounts allowed .....	2(a)	<input checked="" type="checkbox"/>
(b)	Bonus depreciation on assets acquired and placed in service after September 10, 2001, (Federal Form 4562) .....	2(b)	<input checked="" type="checkbox"/>
(c)	Domestic production activities deduction under IRC 199 .....	2(c)	<input checked="" type="checkbox"/>
(d)	Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000 .....	2(d)	<input checked="" type="checkbox"/>
(e)	Total additions [Sum of Line 2(a) through Line 2(d)] .....	2(e)	<input checked="" type="checkbox"/>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service after December 31, 2000 using the IRC in effect pursuant to RSA 77-A.)		
(a)	Depreciation related to items added back under 2(a) and 2(b) .....	3(a)	<input checked="" type="checkbox"/>
(b)	Other deductions required due to revisions to the IRC in effect on December 31, 2000 .....	3(b)	<input checked="" type="checkbox"/>
(c)	Total deductions [Sum of Line 3(a) and Line 3(b)] .....	3(c)	<input checked="" type="checkbox"/>
4	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(c) [Enter this amount on Line 1(a) of your New Hampshire Business Profits Tax return] .....	4	<input checked="" type="checkbox"/>

This schedule must be attached to your Business Profits Tax Return and you must check the box on the front of the return indicating IRC Reconciliation.

NH-1120 filers must complete the Schedule R, transfer Line 4 to the NH-1120 on Line 1(a) Gross Business Profits.

NH-1120-WE filers must complete Form Schedule R for each member of a combined group. Summarize and enter Line 9 from NH-1120-WE, Schedule I to Line 1 on Schedule R. Attach Form Schedule R for each entity. Summarize the members adjustments onto one combined Schedule R, transfer Line 4 to Line 1(a) of NH-1120-WE.

NH-1040 and NH-1065 must complete Form Schedule R for each business activity reported.

NH-1041 filers must complete Schedule R and transfer the amounts from Lines 2(e) and 3(c) to the NH-1041, Lines 1(g) and 2(f) respectively.

Sale of an asset that has a different adjusted basis for New Hampshire than for federal purposes as reflected on the federal Schedule D, Form 4797, Form 6252, or Schedule K-1.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATION BUSINESS PROFITS TAX RETURN

LINE-BY-LINE INSTRUCTIONS (continued)

LAKE REGION WATER CO INC

STEP 4: Figure Your Credits

Line 7: CREDITS

Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160. Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.

Line 8

Enter the amount of Line 6 minus Line 7.

Line 9

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this years Business Profits Tax, complete the following worksheet.

Line 10

Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.

Line 11

Enter the amount of Line 8 minus Line 10.  
Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

	Taxable period ended 12/31/06	Taxable period ended 12/31/07	Taxable period ended 12/31/08	Taxable period ended 12/31/09	Taxable period ended
A BET Credit Carryforward Amount <small>*See note below</small>	0	2021	4035	6523	
B Current Period BET liability from Form BET, Line 5	2021	2014	2488	2334	
C Expiring BET Credit Carryforward <small>**See note below</small>	( 0 )	( 0 )	( 0 )	( 0 )	( )
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	2021	4035	6523	8857	
E Current Period BPT liability from Form NH-1120, Line 8	0	0	0	0	
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120	0	0	0	0	
G Credit Carryforward Amount (Line D minus Line F) <small>Carry this amount forward and indicate on Line A in subsequent period.</small>	2021	4035	6523	8857	

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.  
\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

**Form 1120X**  
(Rev. January 2008)  
Department of the Treasury  
Internal Revenue Service

**Amended U.S. Corporation  
Income Tax Return**

OMB No. 1545-0132  
For tax year ending 2009  
(Enter month and year.)  
Employer identification number [REDACTED]

Name LAKE REGION WATER COMPANY INC  
Number, street, and room or suite no. (If a P.O. box, see instructions.) PO BOX 389  
City or town, state, and ZIP code MULTON BORO NH 03254  
Telephone number (optional) (603) 406 2348

Enter name and address used on original return (If same as above, write "Same.")

Internal Revenue Service Center where original return was filed CINCINNATI OH

**Fill in applicable items and use Part II on the back to explain any changes**

**Part I Income and Deductions (see instructions)**

	(a) As originally reported or as previously adjusted	(b) Net change— increase or (decrease)— explain in Part II	(c) Correct amount
1 Total Income (Form 1120 or 1120-A, line 11) . . . . .	947807	X	947807
2 Total deductions (total of lines 27 and 29c, Form 1120, or lines 23 and 25c, Form 1120-A) . . . . .	947807	X	947807
3 Taxable Income. Subtract line 2 from line 1 . . . . .	X	X	X
4 Tax (Form 1120, line 31, or Form 1120-A, line 27) . . . . .	X	X	X

**Payments and Credits (see instructions)**

5a Overpayment in prior year allowed as a credit . . . . .	5a		
b Estimated tax payments . . . . .	5b		
c Refund applied for on Form 4466 . . . . .	5c		
d Subtract line 5c from the sum of lines 5a and 5b . . . . .	5d		
e Tax deposited with Form 7004 . . . . .	5e		
f Credit from Form 2439 . . . . .	5f		
g Credit for federal tax on fuels and other refundable credits . . . . .	5g		

6 Tax deposited or paid with (or after) the filing of the original return . . . . . 6

7 Add lines 5d through 6, column (c) . . . . . 7

8 Overpayment, if any, as shown on original return or as later adjusted . . . . . 8

9 Subtract line 8 from line 7 . . . . . 9

**Tax Due or Overpayment (see instructions)**

10 Tax due. Subtract line 9 from line 4, column (c). If paying by check, make it payable to the "United States Treasury" . . . . . 10 X

11 Overpayment. Subtract line 4, column (c), from line 9 . . . . . 11

12 Enter the amount of line 11 you want: Credited to 20 estimated tax Refunded 12

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return 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 [Signature] Date 2/21/12 Title PRESIDENT

**Paid Preparer's Use Only**  
Preparer's signature [Signature] Date 2/21/12 Check if self-employed ☒ Preparer's SSN or PTIN [REDACTED]  
Firm's name (or yours if self-employed), address, and ZIP code NORMAN ROBERGE  
1207 GORHAM ROAD BOWDOON NH EIN [REDACTED]  
Phone no. (603) 456 9500

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**Part II**

**Explanation of Changes to Items in Part I** (Enter the line number from page 1 for the items you are changing, and give the reason for each change. Show any computation in detail. Also, see **What To Attach** on page 3 of the instructions.)

If the change is due to a net operating loss carryback, a capital loss carryback, or a general business credit carryback, see **Carryback Claims** on page 3, and check here ☐

THE COMPANY NEGOTIATED A RETROACTIVE ADJUSTMENT OF A LARGE STOCKHOLDER NOTE.

THE PRINCIPAL WAS CONVERTED TO PAID IN CAPITAL. ACCRUED INTEREST FOR 2009 WAS FORGIVEN WITH A REDUCTION IN INTEREST EXPENSE AND AN OFFSETTING REDUCTION IN OTHER CURRENT LIABILITIES. AS PART OF THE NEGOTIATIONS THE AMOUNTS ORIGINALLY PAID FOR PENSIONS WERE REIMBURSED WITH THE PAYMENTS RECOGNIZED AS A REDUCTION IN PAID IN CAPITAL. BALANCE SHEET FOR 2009 WERE ALSO AFFECTED BY CHANGES MADE TO 2007 & 2008 BALANCES REPORTED IN 1120X FOR 2007 & 2008 ALSO FILED 2/21/12.

AS SHOWN ON 1120	AS FILED	CHANGE	AMENDED FILING
PAGE 1 - LINE 18 INTEREST	96941	<18331>	78610
PAGE 1 - LINE 20 DEPRECIATION	99306	60166	159472
PAGE 1 - LINE 23 PENSION	53389	<53389>	X
PAGE 1 - LINE 27 TOTAL DEDUCTIONS	947807	<11554>	936253
PAGE 1 - LINE 28 TAXABLE INCOME	X	11554	11554
PAGE 1 - LINE 29(e) NET OPERATING LOSS DEO,	X	11554	11554
PAGE 4 - LINE 18 OTHER CURR LIAB	80910	<76458>	4452
PAGE 4 LINE 19 LOANS STOCKHOLDERS	180855	<190855>	X
PAGE 4 LINE 23 ADD'L PAID IN CAPITAL	942080	121476	1063556
PAGE 4 LINE 25 P.E.	(93350)	145837	52467
PAGE 4 SCH M-1 LINE 1	(207634)	71720	(135954)
PAGE 4 SCH M-1 LINE 8(a)	99306	60166	159472
PAGE 4 SCH M-2 LINE 1	114304	74117	188421
PAGE 4 SCH M-2 LINE 2	(207674)	71720	(135954)

**Form 4562**

LINE 10	65243	(18019)	44824
LINE 11	18537	71720	90257
LINE 12	18357	60346	78703
LINE 13	78185	(78185)	X
LINE 22	99306	60166	159472

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

**U.S. Corporation Income Tax Return**  
For calendar year 2009 or tax year beginning \_\_\_\_\_, 2009, ending \_\_\_\_\_, 2009  
OMB No. 1545-0123

See separate instructions.

**2009**

**A Check if:**  
1 a Consolidated return (attach Form 990) ☐  
b Life insurance consolidated return ☒  
2 Personal holding company (attach Schedule C) ☐  
3 Personal service corporation (attach Schedule C) ☐  
4 Schedule M-3 attached ☐

**Use IRS label. Otherwise, print or type.**  
Name Lakes Region Water Co., Inc.  
Number, street, and room or suite number. If a P.O. box, see instructions. P.O. Box 389  
City or town Moultonboro state NH ZIP code 03254

**B Employer identification number** \_\_\_\_\_  
**C Date incorporated** 01/28/1975  
**D Total assets (see instructions)** \$ 3,247,855.

**E Check if:** (1) Initial return (2) Final return

**INCOME**  
1 a Gross receipts or sales 990,964. b Less returns & allowances 0. c Balance 990,964.  
2 Cost of goods sold (Schedule A, line 8) 0.  
3 Gross profit. Subtract line 2 from line 1c 990,964.  
4 Dividends (Schedule C, line 19) 916,284.  
5 Interest 0.  
6 Gross rents 4,594.  
7 Gross royalties 0.  
8 Capital gain net income (attach Schedule D (Form 1120)) 0.  
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 0.  
10 Other income (see instructions - attach schedule) 26,929.  
11 **Total Income.** Add lines 3 through 10 947,807.

**DEDUCTIONS**  
12 Compensation of officers (Schedule E, line 4) 33,063.  
13 Salaries and wages (less employment credits) 181,148.  
14 Repairs and maintenance 0.  
15 Bad debts 0.  
16 Rents 6,956.  
17 Taxes and licenses 1,000.  
18 Interest 47,203.  
19 Charitable contributions 96,941.  
20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562) 97,306.  
21 Depletion 0.  
22 Advertising 0.  
23 Pension, profit-sharing, etc. plans 0.  
24 Employee benefit programs 53,389.  
25 Domestic production activities deduction (attach Form 8903) 25,302.  
26 Other deductions (attach schedule) - See Other Deductions Statement 0.  
27 **Total deductions.** Add lines 12 through 26 405,499.  
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 947,807.  
29 Less: a Net operating loss deduction (see instructions) 0. b Special deductions (Schedule C, line 20) 11,554.  
30 **Taxable income.** Subtract line 29c from line 28 (see instructions) 11,554.

**TAXES AND PAYMENTS**  
31 **Total tax (Schedule J, line 10)** 0.  
32 a 2008 overpayment credited to 2009 0.  
32 b 2009 estimated tax payments 0.  
32 c 2009 refund applied for on Form 4466 0.  
32 d Tax deposited with Form 7004 0.  
32 e Credits: (1) Form 2439 0. (2) Form 4136 0.  
32 f Refundable credits from Form 3800, line 19c, and Form 8827, line 8c 0.  
32 g Estimated tax penalty (see instructions). Check if Form 2220 is attached 0.  
32 h Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed 0.  
33 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid 0.  
34 Enter amount from line 35 you want: Credited to 2010 estimated tax 0. Refunded 0.

**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.  
Signature of officer [Signature] Date 11/3/10 Title PRESIDENT

**Paid Preparer's Use Only**  
Preparer's signature [Signature] Date 11/3/10 Check if self-employed ☒  
Firm's name (or yours if self-employed), address, and ZIP code NORMAN E ROBERGE  
1207 GUILFORD ROAD  
BUNBURY NH 03046  
Preparer's SSN or PTIN 000000000  
EIN 000000000  
Phone no. 603-497-8263

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Form 1120 (2009) Lakes Region Water Co., Inc.  
**Schedule A Cost of Goods Sold** (see instructions)

Page 2

1	Inventory at beginning of year	1	
2	Purchases	2	73,566.
3	Cost of labor	3	46,247.
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	119,813.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	45,133.
9a	Check all methods used for valuing closing inventory:		74,680.

(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

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?

☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)☐ Yes ☒ No

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)			
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		70	
3 Dividends on debt-financed stock of domestic and foreign corporations		80	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		see instructions	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		42	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		48	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		70	
8 Dividends from wholly owned foreign subsidiaries		80	
9 Total. Add lines 1 through 8. See instructions for limitation		100	
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958			
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		100	
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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas Albert Mason		50.0 %	%	%	33,063.
2	Total compensation of officers		%	%	%	
3	Compensation of officers claimed on Schedule A and elsewhere on return		%	%	%	33,063.
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12		%	%	%	33,063.

Form 1120 (2009)

CPA0212 08/25/09

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Form 1120 (2009) Lakes Region Water Co., Inc.

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

1 Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ☐ 2

2 Income tax. Check if a qualified personal service corporation (see instructions) ☐ 3

3 Alternative minimum tax (attach Form 4626) ☐ 4

4 Add lines 2 and 3 ☐ 5

5a Foreign tax credit (attach Form 1118) ☐ 6

b Credit from Form 8834, line 29 ☐ 7

c General business credit (attach Form 3800) ☐ 8

d Credit for prior year minimum tax (attach Form 8827) ☐ 9

e Bond credits from Form 8912 ☐ 10

6 Total credits. Add lines 5a through 5e ☐ 11

7 Subtract line 6 from line 4 ☐ 12

8 Personal holding company tax (attach Schedule PH (Form 1120)) ☐ 13

9 Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8902 ☐ Form 8697 ☐ Other (alt schedule) ☐ 14

10 Total tax. Add lines 7 through 9. Enter here and on page 1, line 31 ☐ 15

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

1 Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ☐ 16

2 See the instructions and enter the: a Business activity code no. 221300 b Business activity Water Utility c Product or service Water Distribution ☐ 17

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 ☐ 18

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) ☒ 19

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) ☒ 20

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) ☒ 21

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

BAA

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Form 1120 (2009)

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Form 1120 (2009) Lakes Region Water Co., Inc.  
Schedule K Continued

Page 4

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)

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

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) > -----

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 23a) > \$ ----- 228,981

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? > ----- X

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. > \$ -----

Form 1120 (2009)

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Form 1120 (2009) Lakes Region Water Co., Inc.  
Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		663		5,034
2a Trade notes and accounts receivable				
b Less allowance for bad debts	84,042		95,988	
3 Inventories				
4 U.S. government obligations		84,042		95,988
5 Tax-exempt securities (see instructions)		73,566		45,133
6 Other current assets (attach schedule) Ln. 6 Stmt				
7 Loans to shareholders		79,334		46,336
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation	3,759,535		3,911,323	
11a Depletable assets	926,707	2,832,828	1,036,701	2,874,622
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)		171,847		180,742
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets				
Liabilities and Shareholders' Equity				
16 Accounts payable		3,242,280		3,247,855
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch) Ln. 18 Stmt		249,881		374,802
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		4032 - 60,159		80,910
21 Other liabilities (attach schedule) Ln. 21 Stmt		130,739		190,855
22 Capital stock: a Preferred stock		920,126		969,063
b Common stock		806,991		790,080
23 Additional paid-in capital	10,000	10,000	10,000	10,000
24 Retained earnings - Approp (att sch)		106,482,994		106,355,6
25 Retained earnings - Unappropriated				
26 Adjust to shareholders' equity (att sch) Ln. 26 Stmt		188421 - 114,304		93,370
27 Less cost of treasury stock				16,565
28 Total liabilities and shareholders' equity		3,242,280		3,247,855

**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	(35,954)	-207,674	
2 Federal income tax per books		0	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
See Ln 4 Stmt	26,934		
5 Expenses recorded on books this year not deducted on this return (itemize):		26,934	
a Depreciation	165,259		
b Charitable contributions			
c Travel & entertainment			
See Ln 5 Stmt	112,787		
6 Add lines 1 through 5		278,046	
7 Income recorded on books this year not included on this return (itemize):			
Tax-exempt interest			
8 Deductions on this return not charged against book income this year (itemize):			
a Depreciation	157,422	97,306	
b Charitable contributions			
See Ln 8 Stmt			
9 Add lines 7 and 8		97,306	157,422
10 Income (page 1, line 28) - line 6 less line 9		97,306	157,422

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

1 Balance at beginning of year	188421 - 114,304	
2 Net income (loss) per books	(35,954)	-207,674
3 Other increases (itemize):		
4 Add lines 1, 2, and 3	52,467	-93,370
5 Distributions		
a Cash		
b Stock		
c Property		
6 Other decreases (itemize):		
7 Add lines 5 and 6		
8 Balance at end of year (line 4 less line 7)		

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Form **4562**

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return  
**Lakes Region Water Co., Inc.**

Business or activity to which this form relates  
**Form 1120 Line 20**

Depreciation and Amortization  
(Including Information on Listed Property)

See separate instructions. Attach to your tax return.

CMB No. 1545-0172

**2009**

Attachment Sequence No. **67**

Identifying number

**Part I Election To Expense Certain Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	34,479.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000.

6 (a) Description of property  
**Pumps**

(b) Cost (business use only) **28,959.**

(c) Elected cost **28,959.**

7 Listed property. Enter the amount from line 29 **5,520.**

8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 **34,479.**

9 Tentative deduction. Enter the smaller of line 5 or line 8 **34,479.**

10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562 **44,224 62,243.**

11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) **90,257 18,537.**

12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 **78,703 18,537.**

13 Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 **78,703 18,537.**

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

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

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

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

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2009 **64,749.**

18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ☐

**Section B - Assets Placed in Service During 2009 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property		18,895.	1	HY	DDB200	6,288.
b 5-year property		41,200.	1	HY	DDB200	5,887.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property						
h Residential rental property			25 yrs		S/L	
i Nonresidential real property	Various		27.5 yrs	MM	S/L	
	Various	129,762.	39 yrs	MM	S/L	
			var	MM	S/L	1,845.

**Section C - Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System**

(a) Class life	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
20 a 12-year			12 yrs		S/L	
b 40-year			40 yrs	MM	S/L	

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

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	159,472 97,306.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

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FORM  
BT-SUMMARYNEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS TAX SUMMARY

For the CALENDAR year 2009 or other taxable period beginning and ending

FOR DRA USE ONLY

SEQUENCE # 1

STEP 1 Print or Type  <input type="checkbox"/> Check box if there has been a name change since last filing	PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
	PROPRIETORSHIP - SPOUSE/CU PARTNER'S LAST NAME	FIRST NAME & INITIAL	SOCIAL SECURITY NUMBER
	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME LAKE REGION WATER CO INC		FEDERAL EMPLOYER IDENTIFICATION NUMBER
	NUMBER & STREET ADDRESS PO BOX 389		DEPARTMENT IDENTIFICATION NUMBER (DIN)
	ADDRESS (continued)		PRINCIPAL BUSINESS ACTIVITY CODE (Federal) 22300
CITY/TOWN, STATE & ZIP CODE Moulton 10120 NH 03254			

STEP 2 Return Type and Federal Informa- tion	If yes to one or both of the following questions you must complete this BT-SUMMARY or your return will be considered incomplete and may be subject to penalties. Are You Required To File A BET Return (Gross Business Receipts over \$150,000, or Enterprise Value Tax Base over \$75,000)? <input type="checkbox"/> YES <input type="checkbox"/> NO Are You Required To File A BPT Return (Gross Business Income Over \$50,000)? <input type="checkbox"/> YES <input type="checkbox"/> NO	
	<input checked="" type="checkbox"/> 2 CORPORATION OR <input type="checkbox"/> 2 COMBINED GROUP	<input type="checkbox"/> 3 PARTNERSHIP <input type="checkbox"/> 1 PROPRIETORSHIP <input type="checkbox"/> 4 FIDUCIARY <input checked="" type="checkbox"/> AMENDED RETURN <input type="checkbox"/> FINAL RETURN
	<input type="checkbox"/> Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 instructions.	

## STEP 3 COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY

STEP 4 Figure Your Balance Due or Over- payment	1	(a) Business Enterprise Tax Net of Statutory Credits	1(a)	2196		
		(b) Business Profits Tax Net of Statutory Credits	1(b)	2		2196
	2	PAYMENTS:				
		(a) Tax paid with application for extension	2(a)			
		(b) Total of this year's estimated tax payments	2(b)			
		(c) Credit carryover from prior tax period	2(c)	439		
		(d) Paid with original return (Amended returns only)	2(d)	2334		2771
	3	TAX DUE: (Line 1 minus Line 2)			3	
	4	ADDITIONS TO TAX:				
		(a) Interest (See instructions)	4(a)			
		(b) Failure to Pay (See instructions)	4(b)			
		(c) Failure to File (See instructions)	4(c)			
		(d) Underpayment of Estimated Tax (See instructions)	4(d)		4	
	5	(a) Subtotal of Amount Due (Line 3 plus Line 4)			5(a)	
		(b) Return Payment Made Electronically	5(b)			
5	BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape your payment with this return.					
6	OVERPAYMENT: (Line 1 plus Line 4 minus Lines 2 and 5(b))	6	138			
7	Apply overpayment amount on Line 6 to:					
	(a) Credit - Next Year's Tax Liability			7(a)	575	
	(b) Refund (Allow 12 weeks for processing)			7(b)		

## STEP 5

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Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate return described in this return.

☐ POA By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

X Thomas A. Mason, President 2/2/12 603 456 7507  
Signature (in ink) and Title if Fiduciary Date Preparer's Tax Identification Number Preparer's Telephone Number

X Thomas A. Mason, President 2/2/12  
Signature (in ink) of Paid Preparer Date

☐ Filing as surviving spouse/CU Partner  
Printed Name of Preparer  
NORMAN E. RUBEIGE

Preparer's Address  
1207 CORHAM ROAD RD  
Moulton NH 03046  
City/Town, State & Zip Code

MAIL NH DRA  
PO BOX 837  
TO: CONCORD NH 03302-0837

Taxpayer's Telephone Number

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BT-SUMMARY  
Rev 09/2009

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For the CALENDAR year **2009** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Due Date for CALENDAR year filers is on or before March 15, 2010 or the 15th day of the 3rd month after the close of the taxable period.  
**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

SEQUENCE # 4A

STEP 1 Print or Type	NAME OF CORPORATION <b>LAKE REGION WATER CO INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER [REDACTED]
STEP 2 Questions	<p>A Is the corporation filing its tax return on an IRS approved 52/53 week tax year? Yes _____ No _____ If yes, provide the period beginning _____ and ending _____ date.</p> <p>B Does the corporation file with the IRS as part of a federal consolidated return? Yes _____ No _____</p> <p>C Is this corporation affiliated with any other business organization that files business tax returns with this department? Identify by name and FEIN: Yes _____ No _____</p> <p>D Does the corporation file as part of a unitary group in any other jurisdiction? Yes _____ No _____</p> <p>E Is this a "combined" business profits tax return? Yes _____ No _____ If the answer to "E" is yes, do not complete this return. You must file a NH-1120-WE return. You may download the Business tax forms for Combined Groups from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or call (603) 271-2192 to request the business tax booklet for Combined Groups.</p>	
STEP 3 Figure Your Taxes	<p>1 Gross Business Profits</p> <p>(a) Taxable income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is required the amount from Line 4 of the Schedule R. (Attach copy of federal return)..... 1(a) <b>27907</b></p> <p>(b) Separate entity and other items of income and expense not allowed for on this form (attach schedule)..... 1(b) [REDACTED]</p> <p>(c) New Hampshire Gross Business Profits [Combine Line 1(a) and Line 1(b)] (If negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions)..... 1(c) <b>27907</b></p> <p>2 Additions and Deductions</p> <p>(a) Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state)..... 2(a) <b>2370</b></p> <p>(b) New Hampshire Net Operating Loss Deduction (Attach Form DP-132)..... 2(b) <b>(30277)</b></p> <p>(c) Interest on direct US Obligations..... 2(c) [REDACTED]</p> <p>(d) Wage adjustment required by IRC Section 280C..... 2(d) [REDACTED]</p> <p>(e) Foreign dividend gross-up (IRC Section 78)..... 2(e) [REDACTED]</p> <p>(f) Add back expenses related to constitutionally exempt income..... 2(f) [REDACTED]</p> <p>(g) Research contribution (See RSA 77-A:4 XII. Attach computation)..... 2(g) [REDACTED]</p> <p>(h) Interest and Dividends subject to tax under RSA 77 (repealed for taxable periods ending on or after 12/31/09)..... 2(h) [REDACTED]</p> <p>(i) Add back return of capital from Qualified Investment Capital Company..... 2(i) [REDACTED]</p> <p>(j) Combine Lines 2(a) through 2(i). (If negative, show in parenthesis)..... 2(j) <b>27907</b></p> <p>3 Adjusted Gross Business Profits (Line 1(c) adjusted by Line 2(j)). If negative, show in parenthesis)..... 3 <b>27907</b></p> <p>4 New Hampshire Apportionment (Attach Form DP-80)..... 4 <b>27907</b></p> <p>5 New Hampshire Taxable Business Profits (Line 3 x Line 4. If negative, enter zero.)..... 5 <b>27907</b></p> <p>6 New Hampshire Business Profits Tax (Line 5 x 8.5%)..... 6 <b>27907</b></p> <p>7 Credits allowed under RSA 77-A:5 (Attach Form DP-160)..... 7 <b>27907</b></p> <p>8 Subtotal (Line 6 minus Line 7)..... 8 <b>27907</b></p> <p>9 New Hampshire Business Enterprise Tax Credit..... 9 [REDACTED]</p> <p>10 New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 8 or Line 9)..... 10 [REDACTED]</p> <p>11 New Hampshire Business Profits Tax Net of Statutory Credits (Line 8 minus Line 10)..... 11 [REDACTED]</p> <p>ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY. THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.</p>	
STEP 4 Figure Your Credits		

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS PROFITS TAX RECONCILIATION OF NEW HAMPSHIRE  
GROSS BUSINESS PROFITS SCHEDULE R  
FOR CORPORATE, NON-CORPORATE AND COMBINED GROUPS**

Amended

SEQUENCE #48

For the CALENDAR year **2009** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME OF BUSINESS ORGANIZATION <b>LAKE REGION WATER CO INC</b>	FEDERAL EMPLOYER IDENTIFICATION NUMBER, SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <b>[REDACTED]</b>
--	---

This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000.

1	Federal Income (Loss) from business activities from return filed with IRS or Line 9 from NH-1120-WE, Schedule I .....	1	<b>11554</b>
2	Additions required to federal income:		
(a)	IRC Section 179 expense taken on federal return in excess of \$20,000 including carryover amounts allowed .....	2(a)	<b>58703</b>
(b)	Bonus depreciation on assets acquired and placed in service after September 10, 2001, (Federal Form 4562) .....	2(b)	
(c)	Domestic production activities deduction under IRC 199 .....	2(c)	
(d)	Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000 .....	2(d)	
(e)	Total additions [Sum of Line 2(a) through Line 2(d)] .....	2(e)	<b>58703</b>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service after December 31, 2000 using the IRC in effect pursuant to RSA 77-A.)		
(a)	Depreciation related to items added back under 2(a) and 2(b) .....	3(a)	
(b)	Other deductions required due to revisions to the IRC in effect on December 31, 2000 .....	3(b)	<b>42350</b>
(c)	Total deductions [Sum of Line 3(a) and Line 3(b)] .....	3(c)	<b>42350</b>
4	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(c) [Enter this amount on Line 1(a) of your New Hampshire Business Profits Tax return] .....	4	<b>27907</b>

This schedule must be attached to your Business Profits Tax Return and you must check the box on the front of the return indicating IRC Reconciliation.

NH-1120 filers must complete the Schedule R, transfer Line 4 to the NH-1120 on Line 1(a) Gross Business Profits.

NH-1120-WE filers must complete Form Schedule R for each member of a combined group. Summarize and enter Line 9 from NH-1120-WE, Schedule I to Line 1 on Schedule R. Attach Form Schedule R for each entity. Summarize the members adjustments onto one combined Schedule R, transfer Line 4 to Line 1(a) of NH-1120-WE.

NH-1040 and NH-1065 must complete Form Schedule R for each business activity reported.

NH-1041 filers must complete Schedule R and transfer the amounts from Lines 2(e) and 3(c) to the NH-1041, Lines 1(g) and 2(l) respectively.

Sale of an asset that has a different adjusted basis for New Hampshire than for federal purposes should be reflected on the federal Schedule D, Form 4797, Form 6252, or Schedule K-1.

For the CALENDAR year 2009 or other taxable period beginning

and ending

SEQUENCE # 7

NAME LAKE REGION WATER CO INC				FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER															
COLUMN (A) Ending date of taxable period in which NOL occurred.				COLUMN (B) New Hampshire net operating loss available for carryforward from Net Operating Loss Worksheets.				COLUMN (C) Amount of NOL carryforward which has been used in taxable periods prior to this taxable period.				COLUMN (D) Amount of NOL to be used as a deduction in this taxable period.				COLUMN (E) Amount of NOL to carryforward to future taxable period.			
1	12	31	2006	1	20441			1				1	20441			1			
2	12	31	2007	2	19570			2				2	9836			2			
3	12	31	2008	3	215872.			3				3				3	215872.		
4				4				4				4				4			
5				5				5				5				5			
6				6				6				6				6			
7				7				7				7				7			
8				8				8				8				8			
9				9				9				9				9			
10				10				10				10				10			

11 Amount of NOL carryforward deducted this taxable period.  
(Sum of Column D, Lines 1-10)..... 11

30277

This is the amount to be reported on the applicable Business Profits Tax return. NOTE: Column (B) less Column (C) should equal the sum of Column (D) plus Column (E). This amount cannot exceed the New Hampshire Adjusted Gross Business Profits before the NOL deduction.

**WHEN TO USE FORM DP-132**

Use this form to detail the NOL carryforward amounts which comprise the current tax period NOL deduction taken on Form NH-1040, NH-1041, NH-1065 or NH-1120. This form must be attached to the New Hampshire tax return in the taxable period the NOL deduction is claimed. No loss amounts incurred before 7/1/97, shall contribute to the net operating loss deduction.

**WHEN TO USE FORM DP-132-WE**

Use Form DP-132-WE to detail the NOL carryforward amounts which comprise the current taxable period NOL deduction taken on NH-1120-WE. NOTE: This worksheet is applicable on when the combined group members are the same in all taxable periods. See Rev. 303. If there are more than two New Hampshire nexus members of the combined group, attach additional Forms DP-132-WE.

**NAME AND IDENTIFICATION NUMBER**

Enter name and SSN, FEIN, or DIN in the space provided. Social Security Numbers are required pursuant to the authority granted by 42 U.S.C.S., Section 405. Wherever SSN's or FEIN's are required, taxpayers who have been issued a DIN, shall use their DIN only, and not SSN or FEIN.

**Column (A)**

Enter the month, day, and year of each taxable period from which the NOL is being carried forward.

**Carry Forward**

A net operating loss may be carried forward for the following number of years:

Tax Year ending On or After	Carryforward	Losses Incurred On or After 7/1/97
7/1/02	10 years	

**Column (B)**

Enter the amount of the NOL which is available for carryforward purposes.

For tax periods ending before July 1, 2005, the carryforward amount is computed by first carrying the loss back three years and then offsetting the loss by any profits during those three tax periods. (However, the carryback cannot result in an amended return or a refund in those carryback years).

Combined groups DP-132-WE: If there is more than one New Hampshire nexus member allocated in the combined group, then the carryback loss must be allocated in accordance with the New Hampshire Admin. Rules, Rev. 303.03 in existence for that tax period.

If a loss remains after carryback and offset, then the remaining loss must be apportioned using the apportionment percentage of the loss period. The apportioned loss cannot exceed the following limits based on the tax period the loss was incurred:

From July 1, 2003 to June 30, 2004, \$500,000 is the maximum amount that may be carried forward. From July 1, 2004 to June 30, 2005, \$750,000 is the maximum amount that may be carried forward. Prior to July 1, 2003, the maximum amount that may be carried forward is \$250,000 for each member of the combined group.

For tax periods ending on or after July 1, 2005, no carryback is required or allowed. In addition, the maximum amount that may be carried forward was increased to \$1,000,000.

**Column (C)**

Enter the NOL amount that was claimed as a deduction in the prior taxable period(s).

**Column (D)**

Enter only those amounts that will be claimed as a deduction this taxable period.

**Column (E)**

Enter the excess amount(s) available for future deduction.

N.H. Code of Admin. Rules, Rev. 303 of the New Hampshire Business Profits Tax includes guidance on how to compute the NOL. The RSA's and administrative rules regarding NOL provisions (RSA 77-A:4,XIII and Rev 303.03) may be obtained from our web site at [www.nh.gov/revenue](http://www.nh.gov/revenue) or by visiting any New Hampshire Depository Library or the New Hampshire State Library, 20 Park Street, Concord, NH 03301, where copies may be made for a fee.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
COMBINED GROUPS, PARTNERSHIPS, FIDUCIARIES AND  
NON-PROFIT ORGANIZATIONS

AMENDED

SEQUENCE # 2

YOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS BUSINESS RECEIPTS WERE  
GREATER THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.For the CALENDAR year **2009** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

STEP 1 Print or Type Name	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER	
	LAKES REGION WATER CO INC		[REDACTED]	
If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a capital stock tax, or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. Combined groups must complete Form BET-80-WE to determine the values for Lines 1, 2 and 3. If you need Form BET-80 or BET-80-WE it may be obtained from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or by calling (603) 271-2192.				
STEP 2 Compute the Tax- able Enterprise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	214211	
	3 Interest Paid or Accrued	3	78610	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			4 292821
STEP 3 Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			5 2196
	6 STATUTORY CREDITS			
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 9/07/07.	6(d)		
	(e) RSA 162-Q Coos County Job Creation Tax Credit	6(e)		6
7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			7 2196.	



LAKE REGION WATER CO INC

**STEP 4: Figure Your Credits**

**Line 7: CREDITS**

Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160. Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.

**Line 8**

Enter the amount of Line 6 minus Line 7.

**Line 9**

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this year's Business Profits Tax, complete the following worksheet.

**Line 10**

Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax period's credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.

**Line 11**

Enter the amount of Line 8 minus Line 10.  
Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

	Taxable period ended 12/31/06	Taxable period ended 12/31/07	Taxable period ended 12/31/08	Taxable period ended 12/31/09	Taxable period ended
<b>A BET Credit Carryforward Amount</b> *See note below	&	2021	3899	6086	
<b>B Current Period BET liability from Form BET, Line 5</b>	2021	1878	2187	2196	
<b>C Expiring BET Credit Carryforward</b> **See note below	( & )	( & )	( & )	( & )	( )
<b>D BET Credit Available</b> (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	2021	3899	6086	8282	
<b>E Current Period BPT liability from Form NH-1120, Line 8</b>	&	&	&	&	
<b>F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120</b>	&	&	&	&	
<b>G Credit Carryforward Amount (Line D minus Line F)</b> Carry this amount forward and indicate on Line A in subsequent period.	2021	3899	6086	8282	

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.  
\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.



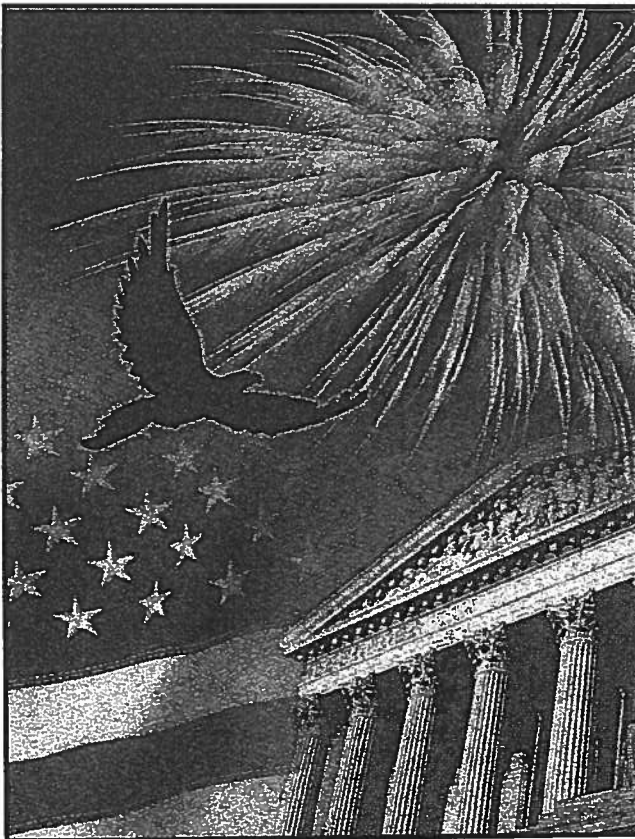
Department of the Treasury  
Internal Revenue Service

## Publication 538

(Rev. December 2012)

Cat. No. 15068G

# Accounting Periods and Methods



Get forms and other information  
faster and easier by:  
Internet [IRS.gov](http://IRS.gov)

Oct 31, 2012

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## Introduction

Every taxpayer (individuals, business entities, etc.) must figure taxable income on the basis of an annual accounting period called a tax year. The calendar year is the most common tax year. Other tax years include a fiscal year and a short tax year.

Each taxpayer must use a consistent accounting method, which is a set of rules for determining when to report income and expenses. The most commonly used accounting methods are the cash method and the accrual method.

Under the cash method, you generally report income in the tax year you receive it, and deduct expenses in the tax year in which you pay them.

Under the accrual method, you generally report income in the tax year you earn it, regardless of when payment is received. You deduct expenses in the tax year you incur them, regardless of when payment is made.



**TIP** This publication explains some of the rules for accounting periods and accounting methods. In some cases, you may have to refer to other sources for a more in-depth explanation of the topic.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

You can write to us at the following address:

STAFF 1-1  
PUBLICATION IRS 538  
ACCRUAL - PAGE 10  
EXPENSES - PAGE 12-13  
N.H-GENERAL INSTRUCTIONS BET/BPT PG 3 AMENDED RETURNS.

**Gross receipts test.** A corporation or partnership, other than a tax shelter, that meets the gross receipts test can generally use the cash method. A corporation or a partnership meets the test if, for each prior tax year beginning after 1985, its average annual gross receipts are \$5 million or less.

An entity's average annual gross receipts for a prior tax year is determined by:

1. Adding the gross receipts for that tax year and the 2 preceding tax years; and
2. Dividing the total by 3.

See *Gross receipts test for qualifying taxpayers*, for more information. Generally, a partnership applies the test at the partnership level. Gross receipts for a short tax year are annualized.

**Aggregation rules.** Organizations that are members of an affiliated service group or a controlled group of corporations treated as a single employer for tax purposes are required to aggregate their gross receipts to determine whether the gross receipts test is met.

**Change to accrual method.** A corporation or partnership that fails to meet the gross receipts test for any tax year is prohibited from using the cash method and must change to an accrual method of accounting, effective for the tax year in which the entity fails to meet this test.

**Special rules for farming businesses.** Generally, a taxpayer engaged in the trade or business of farming is allowed to use the cash method for its farming business. However, certain corporations (other than S corporations) and partnerships that have a partner that is a corporation must use an accrual method for their farming business. For this purpose, farming does not include the operation of a nursery or sod farm or the raising or harvesting of trees (other than fruit and nut trees).

There is an exception to the requirement to use an accrual method for corporations with gross receipts of \$1 million or less for each prior tax year after 1975. For family corporations engaged in farming, the exception applies if gross receipts were \$25 million or less for each prior tax year after 1985. See chapter 2 of Publication 225, *Farmer's Tax Guide*, for more information.

**Qualified PSC.** A PSC that meets the following function and ownership tests can use the cash method.

**Function test.** A corporation meets the function test if at least 95% of its activities are in the performance of services in the fields of health, veterinary services, law, engineering (including surveying and mapping), architecture, accounting, actuarial science, performing arts, or consulting.

**Ownership test.** A corporation meets the ownership test if at least 95% of its stock is owned, directly or indirectly, at all times during the year by one or more of the following.

1. Employees performing services for the corporation in a field qualifying under the function test.

2. Retired employees who had performed services in those fields.
3. The estate of an employee described in (1) or (2).
4. Any other person who acquired the stock by reason of the death of an employee referred to in (1) or (2), but only for the 2-year period beginning on the date of death.

Indirect ownership is generally taken into account if the stock is owned indirectly through one or more partnerships, S corporations, or qualified PSCs. Stock owned by one of these entities is considered owned by the entity's owners in proportion to their ownership interest in that entity. Other forms of indirect stock ownership, such as stock owned by family members, are generally not considered when determining if the ownership test is met.

For purposes of the ownership test, a person is not considered an employee of a corporation unless that person performs more than minimal services for the corporation.

**Change to accrual method.** A corporation that fails to meet the function test for any tax year; or fails to meet the ownership test at any time during any tax year must change to an accrual method of accounting, effective for the year in which the corporation fails to meet either test. A corporation that fails to meet the function test or the ownership test is not treated as a qualified PSC for any part of that tax year.

## Accrual Method

Under the accrual method of accounting, generally you report income in the year it is earned and deduct or capitalize expenses in the year incurred. The purpose of an accrual method of accounting is to match income and expenses in the correct year.

## Income

Generally, you include an amount in gross income for the tax year in which all events that fix your right to receive the income have occurred and you can determine the amount with reasonable accuracy. Under this rule, you report an amount in your gross income on the earliest of the following dates.

- When you receive payment.
- When the income amount is due to you.
- When you earn the income.
- When title has passed.

**Estimated income.** If you include a reasonably estimated amount in gross income and later determine the exact amount is different, take the difference into account in the tax year you make that determination.

**Change in payment schedule.** If you perform services for a basic rate specified in a contract, you must accrue the income at the basic rate, even if you agree to receive

payments at a reduced rate. Continue this procedure until you complete the services, then account for the difference.

## Advance Payment for Services

Generally, you report an advance payment for services to be performed in a later tax year as income in the year you receive the payment. However, if you receive an advance payment for services you agree to perform by the end of the next tax year, you can elect to postpone including the advance payment in income until the next tax year. However, you cannot postpone including any payment beyond that tax year.

**Service agreement.** You can postpone reporting income from an advance payment you receive for a service agreement on property you sell, lease, build, install, or construct. This includes an agreement providing for incidental replacement of parts or materials. However, this applies only if you offer the property without a service agreement in the normal course of business.

**Postponement not allowed.** Generally, one cannot postpone including an advance payment in income for services if either of the following applies.

- You are to perform any part of the service after the end of the tax year immediately following the year you receive the advance payment.
- You are to perform any part of the service at any unspecified future date that may be after the end of the tax year immediately following the year you receive the advance payment.

**Examples.** In each of the following examples, assume the tax year is a calendar year and that the accrual method of accounting is used.

**Example 1.** You manufacture, sell, and service computers. You received payment in 2012 for a one-year contingent service contract on a computer you sold. You can postpone including in income the part of the payment you did not earn in 2012 if, in the normal course of your business, you offer computers for sale without a contingent service contract.

**Example 2.** You are in the television repair business. You received payments in 2012 for one-year contracts under which you agree to repair or replace certain parts that fail to function properly in television sets manufactured and sold by unrelated parties. You include the payments in gross income as you earn them.

**Example 3.** You own a dance studio. On October 1, 2012, you receive payment for a one-year contract for 48 one-hour lessons beginning on that date. You give eight lessons in 2012. Under this method of including advance payments, you must include one-sixth (8/48) of the payment in income for 2012, and five-sixths (40/48) of the payment in 2013, even if you do not give all the lessons by the end of 2013.

**Example 4.** Assume the same facts as in *Example 3*, except the payment is for a two-year contract for 96 lessons. You must include the entire payment in income in 2012 since part of the services may be performed after the following year.

**Guarantee or warranty.** Generally, you cannot postpone reporting income you receive under a guarantee or warranty contract.

**Prepaid rent.** You cannot postpone reporting income from prepaid rent. Prepaid rent does not include payment for the use of a room or other space when significant service is also provided for the occupant. You provide significant service when you supply space in a hotel, boarding house, tourist home, motor court, motel, or apartment house that furnishes hotel services.

**Books and records.** Any advance payment you include in gross receipts on your tax return for the year you receive payment must not be less than the payment you include in income for financial reports under the method of accounting used for those reports. Financial reports include reports to shareholders, partners, beneficiaries, and other proprietors for credit purposes and consolidated financial statements.

**IRS approval.** You must file Form 3115 to obtain IRS approval to change your method of accounting for advance payment for services.

## Advance Payment for Sales

Special rules apply to including income from advance payments on agreements for future sales or other dispositions of goods held primarily for sale to customers in the ordinary course of your trade or business. However, the rules do not apply to a payment (or part of a payment) for services that are not an integral part of the main activities covered under the agreement. An agreement includes a gift certificate that can be redeemed for goods. Amounts due and payable are considered received.

**How to report payments.** Generally, include an advance payment in income in the year in which you receive it. However, you can use the alternative method, discussed next.

**Alternative method of reporting.** Under the alternative method, generally include an advance payment in income in the earlier tax year in which you:

- Include advance payments in gross receipts under the method of accounting you use for tax purposes, or
- Include any part of advance payments in income for financial reports under the method of accounting used for those reports. Financial reports include reports to shareholders, partners, beneficiaries, and other proprietors for credit purposes and consolidated financial statements.

**Example 1.** You are a retailer. You use an accrual method of accounting and account for the sale of goods

when you ship the goods. You use this method for both tax and financial reporting purposes. You can include advance payments in gross receipts for tax purposes in either: (a) the tax year in which you receive the payments; or (b) the tax year in which you ship the goods. However, see *Exception for inventory goods*, later.

**Example 2.** You are a calendar year taxpayer. You manufacture household furniture and use an accrual method of accounting. Under this method, you accrue income for your financial reports when you ship the furniture. For tax purposes, you do not accrue income until the furniture has been delivered and accepted.

In 2012, you received an advance payment of \$8,000 for an order of furniture to be manufactured for a total price of \$20,000. You shipped the furniture to the customer in December 2012, but it was not delivered and accepted until January 2013. For tax purposes, you include the \$8,000 advance payment in gross income for 2012; and include the remaining \$12,000 of the contract price in gross income for 2013.

**Information schedule.** If you use the alternative method of reporting advance payments, you must attach a statement with the following information to your tax return each year.

- Total advance payments received in the current tax year.
- Total advance payments received in earlier tax years and not included in income before the current tax year.
- Total payments received in earlier tax years included in income for the current tax year.

**Exception for inventory goods.** If you have an agreement to sell goods properly included in inventory, you can postpone including the advance payment in income until the end of the second tax year following the year you receive an advance payment if, on the last day of the tax year, you meet the following requirements.

- You account for the advance payment under the alternative method (discussed earlier).
- You have received a substantial advance payment on the agreement (discussed next).
- You have enough substantially similar goods on hand, or available through your normal source of supply, to satisfy the agreement.

These rules also apply to an agreement, such as a gift certificate, that can be satisfied with goods that cannot be identified in the tax year you receive an advance payment.

If you meet these conditions, all advance payments you receive by the end of the second tax year, including payments received in prior years but not reported, must be included in income by the second tax year following the tax year of receipt of substantial advance payments. You must also deduct in that second year all actual or estimated costs for the goods required to satisfy the agreement. If you estimated the cost, you must take into account any

difference between the estimate and the actual cost when the goods are delivered.

**Note.** You must report any advance payments you receive after the second year in the year received. No further deferral is allowed.

**Substantial advance payments.** Under an agreement for a future sale, you have substantial advance payments if, by the end of the tax year, the total advance payments received during that year and preceding tax years are equal to or more than the total costs reasonably estimated to be includible in inventory because of the agreement.

**Example.** You are a calendar year, accrual method taxpayer who accounts for advance payments under the alternative method. In 2008, you entered into a contract for the sale of goods properly includible in your inventory. The total contract price is \$50,000 and you estimate that your total inventoriable costs for the goods will be \$25,000. You receive the following advance payments under the contract.

2009 .....	\$17,500
2010 .....	10,000
2011 .....	7,500
2012 .....	5,000
2013 .....	5,000
2014 .....	5,000
<b>Total contract price .....</b>	<b>\$50,000</b>

Your customer asked you to deliver the goods in 2015. In your 2010 closing inventory, you had on hand enough of the type of goods specified in the contract to satisfy the contract. Since the advance payments you had received by the end of 2010 were more than the costs you estimated, the payments are substantial advance payments.

For 2012, include in income all payments you received by the end of 2012, the second tax year following the tax year in which you received substantial advance payments. You must include \$40,000 in sales for 2012 (the total amounts received from 2009 through 2012) and include in inventory the cost of the goods (or similar goods) on hand. If no such goods are on hand, then estimate the cost necessary to satisfy the contract.

No further deferral is allowed. You must include in gross income the advance payment you receive each remaining year of the contract. Take into account the difference between any estimated cost of goods sold and the actual cost when you deliver the goods in 2015.

**IRS approval.** You must file Form 3115 to obtain IRS approval to change your method of accounting for advance payments for sales.

## Expenses

Under an accrual method of accounting, you generally deduct or capitalize a business expense when both the following apply.

1. The all-events test has been met. The test is met when:
  - a. All events have occurred that fix the fact of liability, and
  - b. The liability can be determined with reasonable accuracy.
2. Economic performance has occurred.

## Economic Performance

Generally, you cannot deduct or capitalize a business expense until economic performance occurs. If your expense is for property or services provided to you, or for your use of property, economic performance occurs as the property or services are provided or the property is used. If your expense is for property or services you provide to others, economic performance occurs as you provide the property or services.

**Example.** You are a calendar year taxpayer. You buy office supplies in December 2012. You receive the supplies and the bill in December, but you pay the bill in January 2013. You can deduct the expense in 2012 because all events have occurred to fix the liability, the amount of the liability can be determined, and economic performance occurred in 2012.

Your office supplies may qualify as a recurring item, discussed later. If so, you can deduct them in 2012, even if the supplies are not delivered until 2013 (when economic performance occurs).

**Workers' compensation and tort liability.** If you are required to make payments under workers' compensation laws or in satisfaction of any tort liability, economic performance occurs as you make the payments. If you are required to make payments to a special designated settlement fund established by court order for a tort liability, economic performance occurs as you make the payments.

**Taxes.** Economic performance generally occurs as estimated income tax, property taxes, employment taxes, etc. are paid. However, you can elect to treat taxes as a recurring item, discussed later. You can also elect to ratably accrue real estate taxes. See chapter 5 of Publication 535 for information about real estate taxes.

**Other liabilities.** Other liabilities for which economic performance occurs as you make payments include liabilities for breach of contract (to the extent of incidental, consequential, and liquidated damages), violation of law, rebates and refunds, awards, prizes, jackpots, insurance, and warranty and service contracts.

**Interest.** Economic performance occurs with the passage of time (as the borrower uses, and the lender forgoes use of, the lender's money) rather than as payments are made.

**Compensation for services.** Generally, economic performance occurs as an employee renders service to the

employer. However, deductions for compensation or other benefits paid to an employee in a year subsequent to economic performance are subject to the rules governing deferred compensation, deferred benefits, and funded welfare benefit plans. For information on employee benefit programs, see Publication 15-B, *Employer's Tax Guide to Fringe Benefits*.

**Vacation pay.** You can take a current deduction for vacation pay earned by your employees if you pay it during the year or, if the amount is vested, within 2½ months after the end of the year. If you pay it later than this, you must deduct it in the year actually paid. An amount is vested if your right to it cannot be nullified or cancelled.

**Exception for recurring items.** An exception to the economic performance rule allows certain recurring items to be treated as incurred during the tax year even though economic performance has not occurred. The exception applies if all the following requirements are met.

1. The all-events test, discussed earlier, is met.
2. Economic performance occurs by the earlier of the following dates.
  - a. 8½ months after the close of the year.
  - b. The date you file a timely return (including extensions) for the year.
3. The item is recurring in nature and you consistently treat similar items as incurred in the tax year in which the all-events test is met.
4. Either:
  - a. The item is not material, or
  - b. Accruing the item in the year in which the all-events test is met results in a better match against income than accruing the item in the year of economic performance.

This exception does not apply to workers' compensation or tort liabilities.

**Amended return.** You may be able to file an amended return and treat a liability as incurred under the recurring item exception. You can do so if economic performance for the liability occurs after you file your tax return for the year, but within 8½ months after the close of the tax year.

**Recurrence and consistency.** To determine whether an item is recurring and consistently reported, consider the frequency with which the item and similar items are incurred (or expected to be incurred) and how you report these items for tax purposes. A new expense or an expense not incurred every year can be treated as recurring if it is reasonable to expect that it will be incurred regularly in the future.

**Materiality.** Factors to consider in determining the materiality of a recurring item include the size of the item (both in absolute terms and in relation to your income and other expenses) and the treatment of the item on your financial statements.



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**INSTRUCTIONS - continued**

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**NEED HELP?**

Call the Central Taxpayer Services Office at (603) 230-5000, Monday through Friday, 8:00 am - 4:30 pm. All written correspondence to the Department should include the taxpayer name, Federal Employer Identification Number or Social Security Number, the name of a contact person and a daytime telephone number.

**NEED FORMS?**

To obtain additional forms or forms not contained in this booklet, you may access our web site at [www.nh.gov/revenue](http://www.nh.gov/revenue) or call the forms line at (603) 230-5000. Copies of the state tax forms may also be obtained from any of the 22 Depository Libraries located throughout the State.

**ESTIMATED BPT & BET PAYMENTS**

Every entity required to file a BPT return and/or a BET return must also make quarterly estimated tax payments for each individual tax for its subsequent taxable period, unless the **ANNUAL** estimated tax for the subsequent taxable period for each tax individually is less than \$200. For taxable periods ending on or after December 31, 2013 BET estimated tax payments are required unless the **ANNUAL** estimated tax is less than \$260.

However, if at the end of any quarter the estimated tax for the year exceeds \$200 (or \$260 BET for taxable periods ending on or after 12/31/2013), an estimated tax payment must be filed. The quarterly estimates are 25% of the estimated tax liability. See the instructions with the Estimated Business Tax Form for exceptions and penalties for non-compliance.

**REFERENCES TO FEDERAL FORMS**

All references to federal tax forms and form lines are based on draft forms available at the time the state forms were printed. If the federal line number and description do not match, follow the line description or contact the Department at (603) 230-5000.

**CONFIDENTIAL INFORMATION**

Disclosure of Federal Employer Identification Numbers (FEIN) and Social Security Numbers (SSN) is mandatory under N.H. Code of Admin. Rules, Rev. 2903.02(c). This information is required for the purpose of administering the tax laws of this state and authorized by 42 U.S.C.S. § 405 (c) (2) (C) (i).

Tax information which is disclosed to the New Hampshire Department of Revenue Administration is held in strict confidence by law. The information may be disclosed to the United States Internal Revenue Service, agencies responsible for the administration of taxes in other states in accordance with compacts for the exchange of information, and as otherwise authorized by New Hampshire Revised Statutes Annotated 21-J:14.

The failure to provide FEINs and SSNs may result in the rejection of a return or application. The failure to timely file a return or application complete with SSNs may result in the imposition of civil or criminal penalties, the disallowance of claimed exemptions, exclusions, credits, deductions, or an adjustment that may result in increased tax liability.

**AMENDED RETURNS**

If you discover an error on your BET and/or BPT return(s) after filing, amended returns should be promptly filed by completing a corrected Form BT-SUMMARY and the appropriate BET and/or BPT returns. You should check the "AMENDED" block in STEP 2 on the Business Tax Summary. **AMENDED RETURNS MUST HAVE ALL APPLICABLE SCHEDULES AND FEDERAL PAGES ATTACHED TO BE DEEMED A COMPLETE AMENDED RETURN.** For changes made by the Internal Revenue Service for this year, see STEP 2 on the Business Tax Summary.

If you need to amend prior year BET and/or BPT return(s) and you need forms, you may access our web site at [www.nh.gov/revenue](http://www.nh.gov/revenue) or call the forms line at (603) 271-2192.

You may not file an amended return for New Hampshire Net Operating Loss (NOL) carryback provisions.

**ROUNDING OFF**

Money items on all BET and BPT forms may be rounded off to the nearest whole dollar.

**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

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**Data Request Received: 2/15/13**  
**Staff 1-2**

**Date of Response: 2/22/13**  
**Witness: Stephen P. St. Cyr**

**Request:** Please provide copies of the state and federal tax returns filed for 2010, 2011, and, if completed, 2012. Please also identify and explain any prior year adjustments which may be reflected in these returns.

**Response:** See Attachment 1-2 for the 2010 and 2011 federal and state tax returns. There are no prior year adjustments on the 2010 & 2011 tax returns. The Company has not yet completed its 2012 federal and state tax returns.



**DW 13-041**

**Lakes Region Water Company**

**Response to**

**Staff Data Request**

**2-1**

**Federal & State Tax Returns for**

**2010 & 2011**

<p style="text-align: center;"><b>DW 13-041</b>  <b>Lakes Region Water</b>  <b>Response Staff Request</b>  <b>Index</b></p>				
<b>Year</b>	<b>Item</b>	<b>Starting Page</b>		<b>Ending Page</b>
	<b>Cover Page</b>		-	
	<b>Index</b>		-	
<b>2010</b>	<b>2010</b>	<b>1</b>	-	<b>1</b>
<b>2010</b>	<b>1120 cororation Tax Return</b>	<b>2</b>	-	<b>17</b>
<b>2010</b>	<b>NH Business Tax Return</b>	<b>18</b>	-	<b>23</b>
<b>2011</b>	<b>2011</b>	<b>24</b>	-	<b>24</b>
<b>2011</b>	<b>1120 cororation Tax Return</b>	<b>25</b>	-	<b>44</b>
<b>2011</b>	<b>NH Business Tax Return</b>	<b>45</b>	-	<b>52</b>

# 2010

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Form 1120

Department of the Treasury  
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2010 or tax year beginning \_\_\_\_\_, 2010, ending \_\_\_\_\_

See separate instructions.

OMB No. 1545-0123

2010

<b>A Check if:</b>		Name <b>Lakes Region Water Co., Inc.</b>		<b>B Employer identification number</b> [REDACTED]		
<b>1 a</b> Consolidated return (attach Form 851) <input type="checkbox"/>		Number, street, and room or suite number. If a P.O. box, see instructions. <b>P.O. Box 389</b>		<b>C Date incorporated</b> <b>01/28/1975</b>		
<b>b</b> Life/nonlife consolidated return <input checked="" type="checkbox"/>		City or town <b>Moultonboro</b>		<b>D Total assets (see instructions)</b> \$ <b>3,318,467.</b>		
<b>2</b> Personal holding co. (attach Sch PH) <input type="checkbox"/>		State ZIP code <b>NH 03254</b>				
<b>3</b> Personal service corp (see instr) <input type="checkbox"/>						
<b>4</b> Schedule M-3 attached <input type="checkbox"/>						
<b>E Check if:</b>		<b>(1)</b> Initial return		<b>(2)</b> Final return		
		<b>(3)</b> Name change		<b>(4)</b> Address change		
<b>INCOME</b>	<b>1 a</b> Gross receipts or sales		<b>977,038.</b>		<b>b</b> Less returns & allowances	<b>c</b> Balance
	<b>2</b> Cost of goods sold (Schedule A, line 8)					
	<b>3</b> Gross profit. Subtract line 2 from line 1c					
	<b>4</b> Dividends (Schedule C, line 19)					
	<b>5</b> Interest					
	<b>6</b> Gross rents					
	<b>7</b> Gross royalties					
	<b>8</b> Capital gain net income (attach Schedule D (Form 1120))					
	<b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					
	<b>10</b> Other income (see instructions - attach schedule)					
	<b>11</b> Total income. Add lines 3 through 10					
<b>DEDUCTIONS FOR LIMITATIONS SEE INSTRUCTIONS</b>	<b>12</b> Compensation of officers (Schedule E, line 4)					
	<b>13</b> Salaries and wages (less employment credits)					
	<b>14</b> Repairs and maintenance					
	<b>15</b> Bad debts					
	<b>16</b> Rents					
	<b>17</b> Taxes and licenses					
	<b>18</b> Interest					
	<b>19</b> Charitable contributions					
	<b>20</b> Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)					
	<b>21</b> Depletion					
	<b>22</b> Advertising					
	<b>23</b> Pension, profit-sharing, etc, plans					
	<b>24</b> Employee benefit programs					
	<b>25</b> Domestic production activities deduction (attach Form 8903)					
	<b>26</b> Other deductions (attach schedule). See Other Deductions Statement					
	<b>27</b> Total deductions. Add lines 12 through 26					
	<b>28</b> Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					
<b>29</b> Less: <b>a</b> Net operating loss deduction (see instructions)		<b>29 a</b>		<b>29 c</b>		
<b>b</b> Special deductions (Schedule C, line 20)		<b>29 b</b>		<b>29 c</b>		
<b>30</b> Taxable income. Subtract line 29c from line 28 (see instructions)				<b>31</b>		
<b>TAX REFUNDABLE CREDITS</b>	<b>31</b> Total tax (Schedule J, line 10)					
	<b>32 a</b> 2009 overpayment credited to 2010		<b>32 a</b>			
	<b>b</b> 2010 estimated tax payments		<b>32 b</b>			
	<b>c</b> 2010 refund applied for on Form 4466		<b>32 c</b>		<b>d</b> Balance	
	<b>e</b> Tax deposited with Form 7004		<b>32 e</b>		<b>32 d</b>	
	<b>f</b> Credits: <b>(1)</b> Form 2439 <b>(2)</b> Form 4136		<b>32 f</b>		<b>32 e</b>	
	<b>g</b> Refundable credits from Form 3800, line 19c, and Form 8827, line 8c		<b>32 g</b>		<b>32 f</b>	
	<b>33</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached				<b>32 h</b>	
	<b>34</b> Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed				<b>33</b>	
	<b>35</b> Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				<b>34</b>	
<b>36</b> Enter amount from line 35 you want Credited to 2011 estimated tax				<b>35</b>		
<b>36</b> Enter amount from line 35 you want Refunded				<b>36</b>		
<b>Sign Here</b> Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer <b>[Signature]</b> Date <b>5-23-12</b> Title _____ Print/Type preparer's name _____ Preparer's signature _____ Date <b>5/21/12</b> Check self-employed <input checked="" type="checkbox"/> PTIN _____ Firm's name <b>Norman Kozerge</b> Firm's EIN <b>603-496-7909</b> Firm's address <b>1209 GORHAM POND ROAD</b> Phone no. _____ <b>BARTON NH 03046</b>						

BAA For Paperwork Reduction Act Notice, see separate instructions.

CPA0212 02/09/11

Form 1120 (2010)

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

1	Inventory at beginning of year	1	45,133.
2	Purchases	2	12,381.
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	57,514.
7	Inventory at end of year	7	38,920.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	18,594.

9a Check all methods used for valuing closing inventory:

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

b Check if there was a writedown of subnormal goods ☐

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

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

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

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

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

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	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.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Thomas Albert Mason		60.0 %	0.0 %	0.0 %	50,684.
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					50,684.
3	Compensation of officers claimed on Schedule A and elsewhere on return					50,684.
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

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

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
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
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10

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

	Yes	No
1 Check accounting method a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____		
2 See the instructions and enter the: a Business activity code no. <u>221300</u>		
b Business activity <u>Water Utility</u>		
c Product or service <u>Water Distribution</u>		
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	
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 . . . . . ☒ X  
 If "Yes," complete (i) through (iv)

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

- 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . . ☒ X  
 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? . . . . . ☒ X  
 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) ▶ 2
- 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 29.) ▶ \$ 116,430.
- 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? . . . . . ☒ X  
 If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ \_\_\_\_\_
- 14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . ☒ X  
 If "Yes," complete and attach Schedule UTP.

Form 1120 (2010)

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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 . . . . .		5,034.		3,961.
2a	Trade notes and accounts receivable . . . . .	95,988.		135,190.	
b	Less allowance for bad debts . . . . .		95,988.		135,190.
3	Inventories . . . . .		45,133.		38,920.
4	U.S. government obligations . . . . .				
5	Tax-exempt securities (see instructions) . . . . .				
6	Other current assets (attach schedule) . . Ln 6 Stmt		46,336.		117,752.
7	Loans to shareholders . . . . .				
8	Mortgage and real estate loans . . . . .				
9	Other investments (attach schedule) . . . . .				
10a	Buildings and other depreciable assets . . . . .	3,911,323.		3,956,613.	
b	Less accumulated depreciation . . . . .	1,036,701.	2,874,622.	1,114,711.	2,841,902.
11a	Depletable assets . . . . .				
b	Less accumulated depletion . . . . .				
12	Land (net of any amortization) . . . . .		180,742.		180,742.
13a	Intangible assets (amortizable only) . . . . .				
b	Less accumulated amortization . . . . .				
14	Other assets (attach schedule) . . . . .				
15	Total assets . . . . .		3,247,855.		3,318,467.
Liabilities and Shareholders' Equity					
16	Accounts payable . . . . .		374,802.		471,278.
17	Mortgages, notes, bonds payable in less than 1 year . . . . .				
18	Other current liabilities (attach sch) . . Ln 18 Stmt		80,910.		16,706.
19	Loans from shareholders . . . . .		190,855.		0.
20	Mortgages, notes, bonds payable in 1 year or more . . . . .		969,063.		882,783.
21	Other liabilities (attach schedule) . . Ln 21 Stmt		790,080.		773,169.
22	Capital stock: a Preferred stock . . . . .				
	b Common stock . . . . .	10,000.	10,000.	10,000.	10,000.
23	Additional paid-in capital . . . . .		942,080.		1,077,052.
24	Retained earnings — Approp (att sch) . . . . .				
25	Retained earnings — Unappropriated . . . . .		-93,370.		102,203.
26	Adjmnt to shareholders' equity (att sch) . . Ln 26 Stmt		-16,565.		-14,724.
27	Less cost of treasury stock . . . . .				
28	Total liabilities and shareholders' equity . . . . .		3,247,855.		3, 18,467.

**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 . . . . .	55,512.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books . . . . .	0.		Tax-exempt interest \$	
3	Excess of capital losses over capital gains . . . . .				
4	Income subject to tax not recorded on books this year (itemize):				
	See Ln 4 Stmt	5,668.			
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 . \$	68,102.
b	Charitable contributions . \$		b	Charitable contribns \$	
c	Travel & entertainment . \$				
	See Ln 5 Stmt	6,922.			68,102.
		6,922.	9	Add lines 7 and 8. . . . .	68,102.
6	Add lines 1 through 5. . . . .	68,102.	10	Income (page 1, line 28) — line 6 less line 9 . . . . .	0.

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

1	Balance at beginning of year . . . . .	-93,370.	5	Distributions . . . . . a Cash . . . . .	
2	Net income (loss) per books . . . . .	55,512.		b Stock . . . . . c Property . . . . .	
3	Other increases (itemize):		6	Other decreases (itemize):	
	See Ln 3 Stmt	140,061.			
		140,061.	7	Add lines 5 and 6. . . . .	
4	Add lines 1, 2, and 3 . . . . .	102,203.	8	Balance at end of year (line 4 less line 7) . . . . .	102,203.





**General Business Credit**▶ See separate instructions.  
▶ Attach to your tax return.

OMB No. 1545-0895

**2010**Attachment  
Sequence No. 22

Name(s) shown on return

Lakes Region Water Company, Ins.

Identifying number

**Part I Current Year Credit****Important:** You may not be required to complete and file a separate credit form (shown in parentheses below) to claim the credit. For details, see the instructions.

<b>1a</b>	Investment credit (Form 3468, Part II only) (attach Form 3468) . . . . .	<b>1a</b>		
<b>b</b>	Reserved for future use . . . . .	<b>1b</b>		
<b>c</b>	Credit for increasing research activities . . . . .	<b>1c</b>		
<b>d</b>	Low-income housing credit (Form 8586, Part I only) (enter EIN if claiming this credit from a pass-through entity: . . . . .)	<b>1d</b>		
<b>e</b>	Disabled access credit (Form 8826) (do not enter more than \$5,000) . . . . .	<b>1e</b>		
<b>f</b>	Renewable electricity production credit (Form 8835) (see instructions) . . . . .	<b>1f</b>		
<b>g</b>	Indian employment credit . . . . .	<b>1g</b>		
<b>h</b>	Orphan drug credit (Form 8820) . . . . .	<b>1h</b>		
<b>i</b>	New markets credit (Form 8874) (enter EIN if claiming this credit from a pass-through entity: . . . . .)	<b>1i</b>		
<b>j</b>	Credit for small employer pension plan startup costs (Form 8881) (do not enter more than \$500)	<b>1j</b>		
<b>k</b>	Credit for employer-provided child care facilities and services (Form 8882) (enter EIN if claiming this credit from a pass-through entity: . . . . .)	<b>1k</b>		
<b>l</b>	Biodiesel and renewable diesel fuels credit (attach Form 8864) . . . . .	<b>1l</b>		
<b>m</b>	Low sulfur diesel fuel production credit (Form 8896) . . . . .	<b>1m</b>		
<b>n</b>	Distilled spirits credit (Form 8906) . . . . .	<b>1n</b>		
<b>o</b>	Nonconventional source fuel credit (Form 8907) . . . . .	<b>1o</b>		
<b>p</b>	Energy efficient home credit . . . . .	<b>1p</b>		
<b>q</b>	Energy efficient appliance credit (Form 8909) . . . . .	<b>1q</b>		
<b>r</b>	Alternative motor vehicle credit (Form 8910) (enter EIN if claiming this credit from a pass-through entity: . . . . .)	<b>1r</b>		
<b>s</b>	Alternative fuel vehicle refueling property credit (Form 8911) . . . . .	<b>1s</b>		
<b>t</b>	Employer housing credit . . . . .	<b>1t</b>		
<b>u</b>	Mine rescue team training credit . . . . .	<b>1u</b>		
<b>v</b>	Agricultural chemicals security credit (Form 8931) (do not enter more than \$2 million) . . . . .	<b>1v</b>		
<b>w</b>	Credit for employer differential wage payments . . . . .	<b>1w</b>		
<b>x</b>	Carbon dioxide sequestration credit (Form 8933) . . . . .	<b>1x</b>		
<b>y</b>	Qualified plug-in electric drive motor vehicle credit (Form 8936) . . . . .	<b>1y</b>		
<b>z</b>	Qualified plug-in electric vehicle credit (Form 8834, Part I only) . . . . .	<b>1z</b>		
<b>aa</b>	New hire retention credit (Form 5884-B) . . . . .	<b>1aa</b>		
<b>bb</b>	General credits from an electing large partnership (Schedule K-1 (Form 1065-B)) . . . . .	<b>1bb</b>		
<b>2</b>	Add lines 1a through 1bb . . . . .	<b>2</b>		
<b>3</b>	Passive activity credits included on line 2 (see instructions) . . . . .	<b>3</b>		
<b>4</b>	Subtract line 3 from line 2 . . . . .	<b>4</b>		
<b>5</b>	Passive activity credits allowed for 2010 (see instructions) . . . . .	<b>5</b>		
<b>6</b>	Carryforward of general business credit to 2010. See instructions for the schedule to attach . . . . .	<b>6</b>		
<b>7</b>	Carryback of general business credit from 2011 (see instructions) . . . . .	<b>7</b>		
<b>8</b>	Add lines 4 through 7. Subtract from that sum any eligible small business credits and enter the result (see instructions) . . . . .	<b>8</b>		

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12392F

Form **3800** (2010)

copy

**Part II Allowable Credit**

**9 Regular tax before credits:**

- Individuals. Enter the amount from Form 1040, line 44 or Form 1040NR, line 42 . . . . .
- Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of your return . . . . .
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . . .

9	0
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**10 Alternative minimum tax:**

- Individuals. Enter the amount from Form 6251, line 35 . . . . .
- Corporations. Enter the amount from Form 4626, line 14 . . . . .
- Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56 . . . . .

10	0
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**11 Add lines 9 and 10 . . . . .**

11	0
----	---

**12a Foreign tax credit . . . . .**

12a	
-----	--

**b Personal credits from Form 1040 or 1040NR (see instructions) . . . . .**

12b	
-----	--

**c Add lines 12a and 12b . . . . .**

12c	
-----	--

**13 Net income tax.** Subtract line 12c from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18a

13	0
----	---

**14 Net regular tax.** Subtract line 12c from line 9. If zero or less, enter -0-

14	
----	--

**15 Enter 25% (.25) of the excess, if any, of line 14 over \$25,000 (see instructions) . . . . .**

15	
----	--

**16 Tentative minimum tax.** If line 8 is zero and line 24 would be zero, skip lines 16 through 25 and go to line 26. Otherwise, see instructions . . . . .

16	
----	--

**17 Enter the greater of line 15 or line 16 . . . . .**

16	
----	--

17	
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**18a Subtract line 17 from line 13. If zero or less, enter -0- . . . . .**

17	
----	--

**b For a corporation electing to accelerate the research credit, enter the bonus depreciation amount attributable to the research credit. (see instructions) . . . . .**

18a	0
-----	---

**c Add lines 18a and 18b . . . . .**

18b	
-----	--

18c	0
-----	---

**19a Enter the smaller of line 8 or line 18c . . . . .**

**C corporations:** See the line 19a instructions if there has been an ownership change, acquisition, or reorganization.

**b Enter the smaller of line 8 or line 18a. If you made an entry on line 18b, go to line 19c; otherwise, skip line 19c (see instructions) . . . . .**

19a	0
-----	---

**c Subtract line 19b from line 19a. This is the refundable amount for a corporation electing to accelerate the research credit. Include this amount on line 32g of Form 1120 (or the applicable line of your return) . . . . .**

19b	0
-----	---

19c	
-----	--

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**Part II Allowable Credit (Continued)****Note.** If you are not filing Form 8844, skip lines 20 through 24 and enter -0- on line 25.

20	Multiply line 16 by 75% (see instructions)	20	
21	Enter the greater of line 15 or line 20	21	
22	Subtract line 21 from line 13. If zero or less, enter -0-	22	
23	Subtract line 19b from line 22. If zero or less, enter -0-	23	
24	Enter the amount from Form 8844, line 10 or line 12, excluding any portion of the credit that is an eligible small business credit (see instructions)	24	
25	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 23 or line 24	25	0
26	Subtract line 15 from line 13. If zero or less, enter -0-	26	0
27	If you skipped lines 16 through 25, enter -0-. Otherwise, add lines 19b and 25	27	0
28	Subtract line 27 from line 26. If zero or less, enter -0-	28	0
29a	Enter the investment credit from Form 3468, Part III, line 20 (attach Form 3468)	29a	
b	Enter the work opportunity credit from Form 5884, line 10 or line 12	29b	
c	Enter the alcohol and cellulosic biofuel fuels credit from Form 6478, line 15 or line 17	29c	
d	Enter the low-income housing credit from Form 8586, Part II, line 18 or line 20	29d	
e	Enter the applicable part of the amount of the renewable electricity, refined coal, and Indian coal production credit from Form 8835, Part II, line 36 or line 38	29e	
f	Enter the credit for employer social security and Medicare taxes paid on certain employee tips from Form 8846, line 12	29f	
g	Enter the qualified railroad track maintenance credit from Form 8900, line 12	29g	
h	Enter the credit for small employer health insurance premiums from Form 8941, line 21 or line 23 (tax-exempt entities, other than farmers' cooperatives, do not complete this line—see instructions) (enter EIN if claiming this credit from a pass-through entity: _____)	29h	5079
30	Add lines 29a through 29h and increase that sum by any eligible small business credits and enter the result (see instructions)	30	5079
31	Enter the smaller of line 28 or line 30	31	0
32	<b>Credit allowed for the current year. Add lines 27 and 31.</b> Report the amount from line 32 (if smaller than the sum of lines 8, 24, and 30, see instructions) as indicated below or on the applicable line of your return: <ul style="list-style-type: none"> <li>• Individuals. Form 1040, line 53 or Form 1040NR, line 50</li> <li>• Corporations. Form 1120, Schedule J, line 5c</li> <li>• Estates and trusts. Form 1041, Schedule G, line 2b</li> </ul>	32	0

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Form **4797**

Department of the Treasury  
Internal Revenue Service (99)

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

OMB No. 1545-0184

**2010**

Attachment  
Sequence No. 27

Name(s) shown on return

Lakes Region Water Co., Inc.

Identifying number

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

1

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

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	Transportation equip	07/01/03	12/31/10	6000	33619	33619	6000
	Var distribution assets acq between 1990-2007	various	12/31/10	0	27616	27948	-332

- 3 Gain, if any, from Form 4684, line 42 . . . . . 3
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37. . . . . 4
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824. . . . . 5
- 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows . . . . . 7 5,668.

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . . 8 5,907.
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . . 9 0.

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

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


- 11 Loss, if any, from line 7 . . . . . 11
- 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . . 12 5,668.
- 13 Gain, if any, from line 31 . . . . . 13
- 14 Net gain or (loss) from Form 4684, lines 34 and 41a . . . . . 14
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . . 15
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . . 16
- 17 Combine lines 10 through 16 . . . . . 17 5,668.

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . . . 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . 18b

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2010)

**Credit for Small Employer Health Insurance Premiums**

OMB No. 1545-2198

**2010**Attachment  
Sequence No. **63**Department of the Treasury  
Internal Revenue Service▶ See separate instructions.  
▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Lakes Region Water Co., Inc.

1	Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions) . . . . .	1	8
2	Enter the number of full-time equivalent employees you had for the tax year (see instructions). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12 . . . . .	2	6
3	Average annual wages you paid for the tax year (see instructions). If you entered \$50,000 or more, skip lines 4 through 11 and enter -0- on line 12 . . . . .	3	38,000.
4	Premiums you paid during the tax year for employees included on line 1 for health insurance coverage under a qualifying arrangement (see instructions) . . . . .	4	30,232.
5	Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which you offered health insurance coverage (see instructions) . . . . .	5	35,872.
6	Enter the smaller of line 4 or line 5 . . . . .	6	30,232.
7	Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 25% (.25) • All other small employers, multiply line 6 by 35% (.35) . . . . .	7	10,581.
8	If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions . . . . .	8	10,581.
9	If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions . . . . .	9	5,079.
10	Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4 (see instructions) . . . . .	10	
11	Subtract line 10 from line 4. If zero or less, enter -0- . . . . .	11	30,232.
12	Enter the smaller of line 9 or line 11 . . . . .	12	5,079.
13	If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1 for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (see instructions) . . . . .	13	8
14	Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13 . . . . .	14	6
15	Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions) . . . . .	15	
16	Add lines 12 and 15. Partnerships and S corporations, stop here and report this amount on Schedule K; all others, go to line 17 . . . . .	16	5,079.
17	Credit for small employer health insurance premiums included on line 16 from passive activities (see instructions) . . . . .	17	
18	Subtract line 17 from line 16 . . . . .	18	5,079.
19	Credit for small employer health insurance premiums allowed for 2010 from a passive activity (see instructions) . . . . .	19	
20	Carryback of the credit for small employer health insurance premiums from 2011 . . . . .	20	
21	Add lines 18 through 20. Cooperatives, estates, and trusts, go to line 22. Tax-exempt small employers, skip lines 22 and 23 and go to line 24. All others, stop here and report this amount on Form 3800, line 29h . . . . .	21	5,079.
22	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .	22	
23	Cooperatives, estates, and trusts, subtract line 22 from line 21. Stop here and report this amount on Form 3800, line 29h . . . . .	23	
24	Enter the amount you paid in 2010 for taxes considered payroll taxes for purposes of this credit (see instructions) . . . . .	24	
25	Tax-exempt small employers, enter the smaller of line 21 or line 24 here and on Form 990-T, line 44f . . . . .	25	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8941 (2010)

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Form **4562**

Department of the Treasury  
Internal Revenue Service (99)

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

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

OMB No. 1545-0172

**2010**

Attachment  
Sequence No. **67**

Name(s) shown on return

Lakes Region Water Co., Inc.

Business or activity to which this form relates

Form 1120 Line 20

Identifying number

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

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

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	66,774.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	Pumps	14,431.	14,431.
	See Additional Section 179 Property Statement		52,343.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	66,774.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	66,774.
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	78,185.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	126,055.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	126,055.
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12.	13	18,904.

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

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

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

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

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2010.	17	86,000.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

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

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property		8,781.	20	mm	150db	329.
g 25-year property		4,618.	25 yrs	mm	S/L	945.
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	various	29,883.	39 yrs	MM	S/L	521.

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

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

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

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12 lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	213,850.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FD120812 10/29/10

Form 4562 (2010)

Staff 2-1  
121

13

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

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

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

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

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

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

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

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

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

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

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

**Part VI Amortization**

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



Form 1120, Page 1, Line 26  
Other Deductions Statement

Chemicals	10,733.
Contracted Services	41,251.
Equipment Lease	3,620.
Insurance	45,897.
Legal & Accounting	87,036.
Membership Fees	0.
Misc Field Expenses	3,244.
Office Expense	27,299.
Operating Permits	5,100.
Electrical	76,143.
Purchased Water	5,200.
Rate Case Expenses	0.
Regulatory Expenses	2,946.
Telephone	11,410.
Water Tests	19,014.
Vehicle Expenses	31,158.
Amortization of Contribution in Aid of Construction	-22,619.
<b>Total</b>	<b>347,432.</b>

Form 1120, Page 5, Schedule L, Line 6  
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Deferred expense	30,215.	31,322.
Unamortized debt financing	8,789.	7,316.
Misc deferred costs	7,332.	79,114.
<b>Total</b>	<b>46,336.</b>	<b>117,752.</b>

Form 1120, Page 5, Schedule L, Line 18  
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued Expenses	80,910.	16,706.
<b>Total</b>	<b>80,910.</b>	<b>16,706.</b>

Form 1120, Page 5, Schedule L, Line 21  
Ln 21 Stmt

Other Liabilities:	Beginning of tax year	End of tax year
Deferred income taxes	105,511.	105,511.
Contributions in Aid of Construction (net)	684,569.	667,658.
<b>Total</b>	<b>790,080.</b>	<b>773,169.</b>

Form 1120, Page 5, Schedule L, Line 26  
Ln 26 Stmt

Adjustments to Shareholders' Equity:	Beginning of tax year	End of tax year
Fees incurred to increase add'l pd in capital	-16,565.	-14,724.
Total	<u>-16,565.</u>	<u>-14,724.</u>

Form 1120, Page 4, Schedule M-1, Line 4  
Ln 4 Stmt

Gain / Loss on asset retirements	<u>5,668.</u>
Total	<u>5,668.</u>

Form 1120, Page 4, Schedule M-1, Line 5  
Ln 5 Stmt

Amortization of capitalized loans expenses	<u>1,843.</u>
Cr small employer health ins prem from Form 8941	<u>5,079.</u>
Total	<u>6,922.</u>

Form 1120, Page 4, Schedule M-2, Line 3  
Ln 3 Stmt

Amended returns for 2007 - 2009	<u>140,061.</u>
Total	<u>140,061.</u>

Form 4562, line 6  
Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
Treatment Equip	5,362.	5,362.
Meters	5,952.	5,952.
Dump truck	37,301.	37,301.
Computer Equip	3,728.	3,728.
Total		<u>52,343.</u>

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## Supporting Statement of:

Description	Amount
Sales to Outside Contractors	28,569.
Maintenance on Cust Property	4,667.
Meter Maintenance	211.
Disconnects	15,045.
Water Sales	928,546.
Total	977,038.

## Supporting Statement of:

Two Year Comparison/Line 1a- 2008 column

Description	Amount
Availability Charges - unmetered	274,042.
Availability Charges - metered	623,821.
Disconnect / Reconnect	13,427.
House transfers	3,063.
Payment pickups	780.
Meter maintenance	221.
Maintenance on customer property	10,409.
Customer bad check charges	180.
Sales outside contractors	47,020.
Rate Case Surcharge	18,001.
	0.
Total	990,964.

FORM  
**BT-SUMMARY**

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS TAX SUMMARY**

For the CALENDAR year **2010** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

FOR DRA USE ONLY

STEP 1 Print or Type  <input type="checkbox"/> Check box if there has been a name change since last filing	PROPRIETORSHIP - LAST NAME	FIRST NAME & INITIAL	TAXPAYER IDENTIFICATION NUMBER	SEQUENCE # 1
	PROPRIETORSHIP - SPOUSE'S LAST NAME	FIRST NAME & INITIAL	TAXPAYER IDENTIFICATION NUMBER	
	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME <b>LAKE REGION WATER CO INC</b>		TAXPAYER IDENTIFICATION NUMBER	
	NUMBER & STREET ADDRESS <b>NO BOX 389</b>			
	ADDRESS (continued)			
	CITY/TOWN, STATE & ZIP CODE+4 <b>MOULTONBORO NH 03254</b>		PRINCIPAL BUSINESS ACTIVITY CODE (Federal) <b>221300</b>	

STEP 2 Return Type and Federal Information	If yes to one or both of the following questions you must complete this BT-SUMMARY or your return will be considered incomplete and may be subject to penalties.		Are You Required To File A BET Return (Gross Business Receipts over \$150,000, or Enterprise Value Tax Base over \$75,000)? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
			Are You Required To File A BPT Return (Gross Business Income Over \$50,000)? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
	<input checked="" type="checkbox"/> 2 CORPORATION <input type="checkbox"/> 3 PARTNERSHIP <input type="checkbox"/> 1 PROPRIETORSHIP <input type="checkbox"/> AMENDED RETURN <input type="checkbox"/> 2 COMBINED GROUP <input type="checkbox"/> 5 NON-PROFIT <input type="checkbox"/> 4 FIDUCIARY <input type="checkbox"/> FINAL RETURN <input type="checkbox"/> Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return which has not been previously reported to New Hampshire. Enter years covered by IRS _____ <b>DO NOT USE THIS FORM TO REPORT AN IRS ADJUSTMENT. See Step 2 instructions.</b>			

STEP 3 COMPLETE THE BET AND/OR BPT RETURN(S) AND THEN THE BUSINESS TAX SUMMARY

STEP 4 Figure Your Balance Due or Overpayment	1 (a) Business Enterprise Tax Net of Statutory Credits	1(a) <b>2382</b>		
	(b) Business Profits Tax Net of Statutory Credits	1(b) <b>X</b>		1 <b>2382</b>
	2 PAYMENTS:			
	(a) Tax paid with application for extension	2(a)		
	(b) Total of this year's estimated tax payments	2(b)		
	(c) Credit carryover from prior tax period	2(c) <b>575</b>		
	(d) Paid with original return (Amended returns only)	2(d)		2 <b>575</b>
	3 TAX DUE: (Line 1 minus Line 2)			3 <b>1807</b>
	4 ADDITIONS TO TAX:			
	(a) Interest (See instructions)	4(a)		
	(b) Failure to Pay (See instructions)	4(b)		
	(c) Failure to File (See instructions)	4(c)		
	(d) Underpayment of Estimated Tax (See instructions)	4(d)		4
	5 (a) Subtotal of Amount Due (Line 3 plus Line 4)			5(a)
	(b) Return Payment Made Electronically	5(b)		
5 BALANCE DUE: Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or make check payable to: STATE OF NEW HAMPSHIRE. Enclose, but do not staple or tape your payment with this return.	PAY THIS AMOUNT →		5 <b>1807.</b>	
6 OVERPAYMENT: If balance due is less than zero, enter on Line 6	6			
7 Apply overpayment amount on Line 6 to:				
(a) Credit - Next Year's Tax Liability	DO NOT PAY →		7(a)	
(b) Refund (Allow 12 weeks for processing)			7(b)	

STEP 5 THIS RETURN MUST BE ACCOMPANIED BY COMPLETE AND LEGIBLE COPIES OF THE APPROPRIATE FEDERAL FORMS AND SCHEDULES.

FOR DRA USE ONLY

Under penalties of perjury, I declare that I have examined this summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

☐ POA By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

**X** *Thomas A Mason* 5/3/12 Date

**X** **THOMAS A MASON, PRESIDENT** Date

If joint return, BOTH parties must sign, even if only one had income Date

**1** Print Signatory Name, and Title of Fiduciary, if applicable

MAIL NH DRA 603-476-2348 Taxpayer's Telephone Number

TO: PO BOX 837 CONCORD NH 03302-0637

☐ Filing as surviving spouse

Preparer's Tax Identification Number 603 476 7907

Signature (in ink) of Paid Preparer *Norman Forberg* 5/3/12 Date

Printed Name of Preparer **NORMAN FORBERG**

Preparer's Address **1207 CORHAM ROAD**

City/Town, State & Zip Code+4 **MOULTONBORO NH 03046**



BT-SUMMARY  
Rev 09/2010

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS ENTERPRISE TAX RETURN FOR CORPORATIONS,  
 COMBINED GROUPS, PARTNERSHIPS, FIDUCIARIES AND  
 NON-PROFIT ORGANIZATIONS**

SEQUENCE # 2

YOU ARE REQUIRED TO FILE THIS RETURN IF THE GROSS BUSINESS RECEIPTS WERE  
 GREATER THAN \$150,000 OR THE ENTERPRISE VALUE TAX BASE WAS GREATER THAN \$75,000.

For the CALENDAR year **2010** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
 Mo Day Year Mo Day Year

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY.

<b>STEP 1</b> Print or Type Name	CORPORATE, PARTNERSHIP, ESTATE, TRUST, NON-PROFIT OR LLC NAME		FEDERAL EMPLOYER IDENTIFICATION NUMBER, SOCIAL SECURITY NUMBER, OR DEPARTMENT IDENTIFICATION NUMBER	
	LAKES REGION WATER CO INC		[REDACTED]	
<p>If your business activities are conducted both inside and outside New Hampshire AND the business enterprise is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a capital stock tax, or other similar taxes, whether or not it is actually imposed by another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, then the business enterprise must apportion its enterprise value tax base. Complete Form BET-80 to determine the values for Lines 1, 2 and 3. Combined groups must complete Form BET-80-WE to determine the values for Lines 1, 2 and 3. If you need Form BET-80 or BET-80-WE it may be obtained from our web site at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or by calling (603) 271-2192.</p>				
<b>STEP 2</b> Compute the Tax- able Enterprise Value Tax Base	1 Dividends Paid	1		
	2 Compensation and Wages Paid or Accrued	2	234 130	
	3 Interest Paid or Accrued	3	83 458	
	4 Taxable Enterprise Value Tax Base (Sum of Lines 1, 2 and 3)			4 317 588
<b>STEP 3</b> Figure Your Tax	5 New Hampshire Business Enterprise Tax (Line 4 multiplied by .0075)			5 2382
	6 STATUTORY CREDITS			
	(a) RSA 162-L:10. CDFA-Investment Tax Credit	6(a)		
	(b) RSA 162-N Community Reinvestment and Opportunity Credit Repealed for tax years ending on or after 7/01/07.	6(b)		
	(c) RSA 162-N. Economic Revitalization Zone Tax Credit. Effective for tax periods ending on or after 7/01/07 (see instructions).	6(c)		
	(d) RSA 162-P. Research & Development Tax Credit (unused portion, see instructions) Effective for tax periods ending on or after 9/07/07.	6(d)		
	(e) RSA 162-Q Coos County Job Creation Tax Credit	6(e)		6
7 Business Enterprise Tax Net of Statutory Credits (Line 5 minus Line 6. IF NEGATIVE, ENTER ZERO) ENTER THIS AMOUNT ON LINE 1(a) OF THE BT-SUMMARY.			7 2382	



NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
CORPORATION BUSINESS PROFITS TAX RETURNFor the CALENDAR year **2010** or other taxable period beginning Mo Day Year and ending Mo Day Year **SEQUENCE # 4A**

Due Date for CALENDAR year filers is on or before March 15, 2011 or the 15th day of the 3rd month after the close of the taxable period.

**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

<b>STEP 1</b> Print or Type	NAME OF CORPORATION <b>LAKE REGION WATER CO INC</b>		FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER <b>[REDACTED]</b>	
<b>STEP 2</b> Questions	A	Is the corporation filing its tax return on an IRS approved 52/53 week tax year? ..... Yes <u>    </u> No <u>    </u> If yes, provide the period beginning <u>Mo Day Year</u> and ending <u>Mo Day Year</u> date.		
	B	Does the corporation file with the IRS as part of a federal consolidated return? ..... Yes <u>    </u> No <u>    </u>		
	C	Is this corporation affiliated with any other business organization that files business tax returns with this department? Identify by name and FEIN: ..... Yes <u>    </u> No <u>    </u>		
	D	Does the corporation file as part of a unitary group in any other jurisdiction? ..... Yes <u>    </u> No <u>    </u>		
	E	Is this a "combined" business profits tax return? If yes, you must file Form NH-1120-WE Return ..... Yes <u>    </u> No <u>    </u>		
	F	Were there any distributions made to NH residents? Yes <u>    </u> No <u>    </u>		
<b>STEP 3</b> Figure Your Taxes	<b>1 Gross Business Profits</b>			
	(a)	Taxable income (loss) before net operating loss deduction and special deductions. If IRC Reconciliation is required the amount from Line 4 of the Schedule R. (Attach copy of federal return)..... 1(a)		<b>53920</b>
	(b)	Separate entity and other items of income and expense not allowed for on this form (attach schedule)..... 1(b)		
	(c)	New Hampshire Gross Business Profits [Combine Line 1(a) and Line 1(b)] (If negative, show in parenthesis. See worksheet for Net Operating Loss, NOL, provisions)..... 1(c)		<b>53920</b>
	<b>2 Additions and Deductions</b>			
	(a)	Add back income taxes or franchise taxes measured by income (Attach schedule of taxes by state) ..... 2(a)		<b>2382</b>
	(b)	New Hampshire Net Operating Loss Deduction (Attach Form DP-132) ..... 2(b)		<b>( 56302 )</b>
	(c)	Interest on direct US Obligations ..... 2(c)		<b>( )</b>
	(d)	Wage adjustment required by IRC Section 280C ..... 2(d)		<b>( )</b>
	(e)	Foreign dividend gross-up (IRC Section 78) ..... 2(e)		<b>( )</b>
	(f)	Add back expenses related to constitutionally exempt income ..... 2(f)		<b>( )</b>
	(g)	Research contribution (See RSA 77-A:4 XII. Attach computation) ..... 2(g)		<b>( )</b>
	(h)	Interest and Dividends subject to tax under RSA 77 (for taxable periods ending on or after 12/31/10) ..... 2(h)		<b>( )</b>
	(i)	Add back return of capital from Qualified Investment Capital Company... 2(i)		<b>( )</b>
	(j)	Combine Lines 2(a) through 2(i). (If negative, show in parenthesis)..... 2(j)		<b>53920</b>
	<b>3 Adjusted Gross Business Profits (Line 1(c) adjusted by Line 2(j). If negative, show in parenthesis).....</b>		<b>3</b>	
	<b>4 New Hampshire Apportionment (Attach Form DP-80).....</b>		<b>4</b>	
	<b>5 New Hampshire Taxable Business Profits (Line 3 x Line 4. If negative, enter zero.).....</b>		<b>5</b>	
	<b>6 New Hampshire Business Profits Tax (Line 5 x 8.5%).....</b>		<b>6</b>	
<b>STEP 4</b> Figure Your Credits	<b>7 Credits allowed under RSA 77-A:5 (Attach Form DP-160) ..... 7</b>		<b>7</b>	
	<b>8 Subtotal (Line 6 minus Line 7) ..... 8</b>		<b>8</b>	
	<b>9 New Hampshire Business Enterprise Tax Credit ..... 9</b>		<b>10664</b>	
	<b>10 New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 8 or Line 9) ..... 10</b>		<b>8</b>	
	<b>11 New Hampshire Business Profits Tax Net of Statutory Credits (Line 8 minus Line 10)..... 11</b>		<b>8</b>	

ENTER THE AMOUNT FROM LINE 11 ON LINE 1(b) OF THE BT-SUMMARY.  
THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.

**Schedule R**

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**BUSINESS PROFITS TAX RECONCILIATION OF NEW HAMPSHIRE**  
**GROSS BUSINESS PROFITS SCHEDULE R**  
**FOR CORPORATE, NON-CORPORATE AND COMBINED GROUPS**

SEQUENCE #4B

For the CALENDAR year **2010** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_

NAME OF BUSINESS ORGANIZATION

*LAKE REGION WATER CO INC*

FEDERAL EMPLOYER IDENTIFICATION NUMBER, SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER

This Schedule R shall be used to reconcile the New Hampshire Gross Business Profits before Net Operating Loss and Special Deductions line of the federal income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000.

1	Federal Income (Loss) from business activities from return filed with IRS or Line 9 from NH-1120-WE, Schedule I .....	1	<b>2</b>
2	Additions required to federal income:		
(a)	IRC Section 179 expense taken on federal return in excess of \$20,000 including carryover amounts allowed .....	2(a)	<b>106055</b>
(b)	Bonus depreciation on assets acquired and placed in service after September 10, 2001, (Federal Form 4562) .....	2(b)	
(c)	Domestic production activities deduction under IRC 199 .....	2(c)	
(d)	Other amounts reported on federal return that need to be adjusted due to revisions to the IRC in effect on December 31, 2000. ....	2(d)	
(e)	Total additions [Sum of Line 2(a) through Line 2(d)] .....	2(e)	<b>106055</b>
3	Deductions required from federal income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service after December 31, 2000 using the IRC in effect pursuant to RSA 77-A.)		
(a)	Depreciation related to items added back under 2(a) and 2(b) .....	3(a)	<b>52135</b>
(b)	Other deductions required due to revisions to the IRC in effect on December 31, 2000 .....	3(b)	
(c)	Total deductions [Sum of Line 3(a) and Line 3(b)] .....	3(c)	<b>52135</b>
4	Adjusted Taxable Income Line 1 plus Line 2(e) minus Line 3(c) [Enter this amount on Line 1(a) of your New Hampshire Business Profits Tax return] .....	4	<b>53920</b>

This schedule must be attached to your Business Profits Tax Return and you must check the box on the front of the return indicating IRC Reconciliation.

NH-1120 filers must complete the Schedule R, transfer Line 4 to the NH-1120 on Line 1(a) Gross Business Profits.

NH-1120-WE filers must complete Form Schedule R for each member of a combined group. Summarize and enter Line 9 from NH-1120-WE, Schedule I to Line 1 on Schedule R. Attach Form Schedule R for each entity. Summarize the members adjustments onto one combined Schedule R, transfer Line 4 to Line 1(a) of NH-1120-WE.

NH-1040 and NH-1065 must complete Form Schedule R for each business activity reported.

NH-1041 filers must complete Schedule R and transfer the amounts from Lines 2(e) and 3(c) to the NH-1041, Lines 1(g) and 2(l) respectively.

Sale of an asset that has a different adjusted basis for New Hampshire than for federal purposes as reflected on the federal Schedule D, Form 4797, Form 6252, or Schedule K-1.



NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
NET OPERATING LOSS (NOL) DEDUCTION

For the CALENDAR year **2010** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

SEQUENCE # 7

NAME

LAKES REGION WATER CO INC

FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER OR DEPARTMENT IDENTIFICATION NUMBER

COLUMN (A) Ending date of taxable period in which NOL occurred.	COLUMN (B) New Hampshire net operating loss available for carryforward from Net Operating Loss Worksheets.	COLUMN (C) Amount of NOL carryforward which has been used in taxable periods prior to this taxable period.	COLUMN (D) Amount of NOL to be used as a deduction in this taxable period.	COLUMN (E) Amount of NOL to carryforward to future taxable period.
1 12 31 2007	1 19510	1 9836	1 9674	1
2 12 31 2008	2 215872	2	2 46628	2 169244
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9
10	10	10	10	10

11 Amount of NOL carryforward deducted this taxable period.  
(Sum of Column D, Lines 1-10).....

11 56302

This is the amount to be reported on the applicable Business Profits Tax return. NOTE: Column (B) less Column (C) should equal the sum of Column (D) plus Column (E). This amount cannot exceed the New Hampshire Adjusted Gross Business Profits before the NOL deduction.

**WHEN TO USE FORM DP-132**

Use this form to detail the NOL carryforward amounts which comprise the current tax period NOL deduction taken on Form NH-1040, NH-1041, NH-1065 or NH-1120. This form must be attached to the New Hampshire tax return in the taxable period the NOL deduction is claimed. No loss amounts incurred before 7/1/97, shall contribute to the net operating loss deduction.

**WHEN TO USE FORM DP-132-WE**

Use Form DP-132-WE to detail the NOL carryforward amounts which comprise the current taxable period NOL deduction taken on NH-1120-WE. NOTE: This worksheet is applicable on when the combined group members are the same in all taxable periods. See Rev. 303. If there are more than two New Hampshire nexus members of the combined group, attach additional Forms DP-132-WE.

**NAME AND IDENTIFICATION NUMBER**

Enter name and SSN, FEIN, or DIN in the space provided. Social Security Numbers are required pursuant to the authority granted by 42 U.S.C.S., Section 405. Wherever SSN's or FEIN's are required, taxpayers who have been issued a DIN, shall use their DIN only, and not SSN or FEIN.

**Column (A)**

Enter the month, day, and year of each taxable period from which the NOL is being carried forward.

**Carry Forward**

A net operating loss may be carried forward for the following number of years:

Tax Year ending	Carryforward	Losses Incurred
On or After	10 years	On or After 7/1/97
7/1/02		

**Column (B)**

Enter the amount of the NOL which is available for carryforward purposes.

For tax periods ending before July 1, 2005, the carryforward amount is computed by first carrying the loss back three years and then offsetting the loss by any profits during those three tax periods. (However, the carryback cannot result in an amended return or a refund in those carryback years).

Combined groups DP-132-WE: If there is more than one New Hampshire nexus member allocated in the combined group, then the carryback loss must be allocated in accordance with the New Hampshire Admin. Rules, Rev. 303.03 in existence for that tax period.

If a loss remains after carryback and offset, then the remaining loss must be apportioned using the apportionment percentage of the loss period. The apportioned loss cannot exceed the following limits based on the tax period the loss was incurred:

From July 1, 2003 to June 30, 2004, \$500,000 is the maximum amount that may be carried forward. From July 1, 2004 to June 30, 2005, \$750,000 is the maximum amount that may be carried forward. Prior to July 1, 2003, the maximum amount that may be carried forward is \$250,000 for each member of the combined group.

For tax periods ending on or after July 1, 2005, no carryback is required or allowed. In addition, the maximum amount that may be carried forward was increased to \$1,000,000.

**Column (C)**

Enter the NOL amount that was claimed as a deduction in the prior taxable period(s).

**Column (D)**

Enter only those amounts that will be claimed as a deduction this taxable period.

**Column (E)**

Enter the excess amount(s) available for future deduction.

N.H. Code of Admin. Rules, Rev. 303 of the New Hampshire Business Profits Tax includes guidance on how to compute the NOL. The RSA's and administrative rules regarding NOL provisions (RSA 77-A:4,XIII and Rev 303.03) may be obtained from our web site at [www.nh.gov/revenue](http://www.nh.gov/revenue) or by visiting any New Hampshire Depository Library or the New Hampshire State Library, 20 Park Street, Concord, NH 03301, where copies may be made for a fee.





NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**CORPORATION BUSINESS PROFITS TAX RETURN**

LINE-BY-LINE INSTRUCTIONS (continued)

*LAKE REGION WATER CO INC*

**STEP 4: Figure Your Credits**

**Line 7: CREDITS**

Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160. Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.

**Line 8**

Enter the amount of Line 6 minus Line 7.

**Line 9**

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this years Business Profits Tax, complete the following worksheet.

**Line 10**

Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.

**Line 11**

Enter the amount of Line 8 minus Line 10.

Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

**BET CREDIT WORKSHEET**

	Taxable period ended <i>12/31/06</i>	Taxable period ended <i>12/31/07</i>	Taxable period ended <i>12/31/08</i>	Taxable period ended <i>12/31/09</i>	Taxable period ended <i>12/31/10</i>
A BET Credit Carryforward Amount *See note below	<i>0</i>	<i>2021</i>	<i>3899</i>	<i>6086</i>	<i>8282</i>
B Current Period BET liability from Form BET, Line 5	<i>2021</i>	<i>1878</i>	<i>2187</i>	<i>2196</i>	<i>2382</i>
C Expiring BET Credit Carryforward **See note below	<i>( 0 )</i>	<i>( 0 )</i>	<i>( 0 )</i>	<i>( 0 )</i>	<i>( 0 )</i>
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	<i>2021</i>	<i>3899</i>	<i>6086</i>	<i>8282</i>	<i>10664</i>
E Current Period BPT liability from Form NH-1120, Line 8	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
F BET Credit Deduction this period (the lesser of Line D or Line E). Enter on Line 10 of NH-1120	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
G Credit Carryforward Amount (Line D minus Line F) Carry this amount forward and indicate on Line A in subsequent period.	<i>2021</i>	<i>3899</i>	<i>6086</i>	<i>8282</i>	<i>10664</i>

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.

\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

# 2011



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

Page 2

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) . . . . .		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) . . . . .		80	
3 Dividends on debt-financed stock of domestic and foreign corporations . . . . .		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities . . . . .		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities . . . . .		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs . . . . .		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs . . . . .		80	
8 Dividends from wholly owned foreign subsidiaries . . . . .		100	
9 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 . . . . .			

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**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"/>	
3	Alternative minimum tax (attach Form 4626)		3,137.
4	Add lines 2 and 3		
5a	Foreign tax credit (attach Form 1118)	5a	
5b	Credit from Form 8834, line 30 (attach Form 8834)	5b	
5c	General business credit (attach Form 3800)	5c	3,137.
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	3,137.
7	Subtract line 6 from line 4	7	0.
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9a	
9b	Recapture of low-income housing credit (attach Form 8611)	9b	
9c	Interest due under the look-back method – completed long-term contracts (attach Form 8697)	9c	
9d	Interest due under the look-back method – income forecast method (attach Form 8866)	9d	
9e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
9f	Other (see instructions – attach schedule)	9f	
10	Total. Add lines 9a through 9f	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31.	11	0.

**Part II – Payments and Refundable Credits**

12	2010 overpayment credited to 2011	12	
13	2011 estimated tax payments	13	
14	2011 refund applied for on Form 4466	14	
15	Combine lines 12, 13, and 14	15	
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16 and 17	18	
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	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	

**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. ▶	221300				
b	Business activity ▶	Water Utility				
c	Product or service ▶	Water Distribution				
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary 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	

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

**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) below.

(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.

Yes No

X

If 'Yes,' complete (i) through (iv) below.

(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.)

X

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?

X

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) ▶ 2

- 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) ▶ \$ 116,430

- 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?

X

If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$

- 14** Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?

X

If 'Yes,' complete and attach Schedule UTP.

- 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

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**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash . . . . .		3,961.		17,338.
2 a Trade notes and accounts receivable . . . . .	135,190.		132,256.	
b Less allowance for bad debts . . . . .		135,190.		132,256.
3 Inventories . . . . .		38,920.		36,084.
4 U.S. government obligations . . . . .				
5 Tax-exempt securities (see instructions) . . . . .				
6 Other current assets (attach schedule) . . Ln. 6. Stmt.		117,752.		232,916.
7 Loans to shareholders . . . . .				
8 Mortgage and real estate loans . . . . .				
9 Other investments (attach schedule) . . . . .				
10 a Buildings and other depreciable assets . . . . .	3,956,613.		4,020,748.	
b Less accumulated depreciation . . . . .	1,114,711.	2,841,902.	1,203,499.	2,817,249.
11 a Depletable assets . . . . .				
b Less accumulated depletion . . . . .				
12 Land (net of any amortization) . . . . .		180,742.		180,847.
13 a Intangible assets (amortizable only) . . . . .				
b Less accumulated amortization . . . . .				
14 Other assets (attach schedule) . . . . .				
15 Total assets . . . . .		3,318,467.		3,416,690.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable . . . . .		471,278.		524,367.
17 Mortgages, notes, bonds payable in less than 1 year . . . . .				
18 Other current liabilities (attach sch) . . Ln. 18 Stmt.		16,706.		8,883.
19 Loans from shareholders . . . . .		0.		
20 Mortgages, notes, bonds payable in 1 year or more . . . . .		882,783.		784,678.
21 Other liabilities (attach schedule) . . Ln. 21 Stmt.		773,169.		756,258.
22 Capital stock: a Preferred stock . . . . .				
b Common stock . . . . .	10,000.	10,000.	10,000.	10,000.
23 Additional paid-in capital . . . . .		1,077,052.		1,078,604.
24 Retained earnings — Approp (att sch) . . . . .				
25 Retained earnings — Unappropriated . . . . .		102,203.		266,783.
26 Adjmnt to shareholders' equity (att sch) . . Ln. 26 Stmt.		-14,724.		-12,883.
27 Less cost of treasury stock . . . . .				
28 Total liabilities and shareholders' equity . . . . .		3,318,467.		3,416,690.

**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 . . . . .	159,969.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books . . . . .	0.	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 . . . . \$	18,387.
b Charitable contributions . . \$		b Charitable contribns . . \$	
c Travel & entertainment . . \$	29.	See Ln 8 Stmt	10,662.
See Ln 5 Stmt	6,392.		29,049.
	6,421.	9 Add lines 7 and 8. . . . .	29,049.
6 Add lines 1 through 5. . . . .	166,390.	10 Income (page 1, line 23) — line 6 less line 9 . . . . .	137,341.

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

1 Balance at beginning of year . . . . .	102,203.	5 Distributions . . . . . a Cash . . . . .	
2 Net income (loss) per books . . . . .	159,969.	b Stock . . . . . c Property . . . . .	
3 Other increases (itemize):		6 Other decreases (itemize):	
See Ln 3 Stmt	4,611.	7 Add lines 5 and 6. . . . .	
	4,611.	8 Balance at end of year (line 4 less line 7) . . . . .	266,783.
4 Add lines 1, 2, and 3 . . . . .	266,783.		





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Form **1125-A**

(December 2011)

Department of the Treasury  
Internal Revenue Service

**Cost of Goods Sold**

► Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, and 1065-B.

OMB No. 1545-2225

Name

Lakes Region Water Co., Inc.

Employer identification number

1	Inventory at beginning of year	1	38,920.
2	Purchases	2	18,521.
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	57,441.
7	Inventory at end of year	7	36,084.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	21,357.

9 a Check all methods used for valuing closing inventory:

- (i) ☐ Cost  
(ii) ☒ Lower of cost or market  
(iii) ☐ Other (Specify method used and att. expl.) . . . ►

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 amount 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

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 1125-A (12-2011)



Form **3800**Department of the Treasury  
Internal Revenue Service (99)**General Business Credit**

▶ See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0095

**2011**Attachment  
Sequence No. **22**

Name(s) shown on return

Lakes Region Water Co., Inc.

Identifying number

**Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II)

1	General business credit from line 2 of all Parts III with box A checked . . . . .	1	
2	Passive activity credits from line 2 of all Parts III with box B checked . . . . .	2	
3	Enter the applicable passive activity credits allowed for 2011 (see instructions) . . . . .	3	
4	Carryforward of general business credit to 2011. Enter the amount from line 2 of Part III with box C checked. See instructions for schedule to attach. . . . .	4	
5	Carryback of general business credit from 2012. Enter the amount from line 2 of Part III with box D checked (see instructions) . . . . .	5	
6	Add lines 1, 3, 4 and 5 . . . . .	6	

**Part II Allowable Credit**

7	Regular tax before credits:		
	• Individuals. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42 . . . . .		
	• Corporations. Enter the amount from Form 1120, Schedule J, Part I, line 2; or the applicable line of your return . . . . .	7	3,137.
	• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . . .		
8	Alternative minimum tax:		
	• Individuals. Enter the amount from Form 6251, line 35 . . . . .		
	• Corporations. Enter the amount from Form 4626, line 14 . . . . .	8	
	• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56 . . . . .		
9	Add lines 7 and 8 . . . . .	9	3,137.
10a	Foreign tax credit . . . . .	10a	
b	Personal credits from Form 1040 or 1040NR (see instructions) . . . . .	10b	
c	Add lines 10a and 10b . . . . .	10c	
11	Net income tax. Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16a . . . . .	11	3,137.
12	Net regular tax. Subtract line 10c from line 7. If zero or less, enter -0- . . . . .	12	3,137.
13	Enter 25% (.25) of the excess, if any, of line 12 over \$25,000 (see instructions) . . . . .	13	
14	Tentative minimum tax:		
	• Individuals. Enter the amount from Form 6251, line 33 . . . . .		
	• Corporations. Enter the amount from Form 4626, line 12 . . . . .	14	0.
	• Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54 . . . . .		
15	Enter the greater of line 13 or line 14 . . . . .	15	0.
16a	Subtract line 15 from line 11. If zero or less, enter -0- . . . . .	16a	3,137.
b	For a corporation electing to accelerate the research credit, enter the bonus depreciation amount attributable to the research credit (see instructions) . . . . .	16b	
c	Add lines 16a and 16b . . . . .	16c	3,137.
17a	Enter the smaller of line 6 or line 16c . . . . .	17a	0.
	C corporations: See the line 17a instructions if there has been an ownership change, acquisition, or reorganization.		
b	Enter the smaller of line 6 or line 16a. If you made an entry on line 16b, go to line 17c; otherwise, skip line 17c (see instructions) . . . . .	17b	0.
c	Subtract line 17b from line 17a. This is the refundable amount for a corporation electing to accelerate the research credit. Include this amount on Form 1120, Schedule J, Part II, line 19c (or the applicable line of your return) . . . . .	17c	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 3800 (2011)

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**Part II Allowable Credit (Continued)**

Note. If you are not required to report any amounts on lines 22 or 24 below, skip lines 18 through 25 and enter -0- on line 26.

18	Multiply line 14 by 75% (.75) (see instructions) . . . . .	18	
19	Enter the greater of line 13 or line 18 . . . . .	19	
20	Subtract line 19 from line 11. If zero or less, enter -0- . . . . .	20	
21	Subtract line 17b from line 20. If zero or less, enter -0- . . . . .	21	
22	Combine the amounts from line 3 of all Parts III with box A, C, or D checked . . . . .	22	
23	Passive activity credit from line 3 of all Parts III with box B checked . . . . .	23	
24	Enter the applicable passive activity credit allowed for 2011 (see instructions). . . . .	24	
25	Add lines 22 and 24 . . . . .	25	
26	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 21 or line 25 . . . . .	26	0.
27	Subtract line 13 from line 11. If zero or less, enter -0- . . . . .	27	3,137.
28	Add lines 17b and 26 . . . . .	28	0.
29	Subtract line 28 from line 27. If zero or less, enter -0- . . . . .	29	3,137.
30	Enter the general business credit from line 5 of all Parts III with box A checked . . . . .	30	4,551.
31	Enter the total eligible small business credit from line 6 of all Parts III with box E checked . . . . .	31	
32	Passive activity credits from line 5 of all Parts III with box B checked and line 6 of all Parts III with box F checked . . . . .	32	
33	Enter the applicable passive activity credits allowed for 2011 (see instructions) . . . . .	33	
34	Carryforward of business credit to 2011. Enter the amount from line 5 of Part III with box C checked and line 6 of all Parts III with box G checked. See instructions for schedule to attach . . . . .	34	5,079.
35	Carryback of business credit from 2012. Enter the amount from line 5 of Part III with box D checked and line 6 of all Parts III with box H checked (see instructions). . . . .	35	
36	Add lines 30, 31, 33, 34, and 35 . . . . .	36	9,630.
37	Enter the smaller of line 29 or line 36. . . . .	37	3,137.
38	Credit allowed for the current year. Add lines 28 and 37. Report the amount from line 38 (if smaller than the sum of Part I, line 6 and Part II, lines 25 and 36, see instructions) as indicated below or on the applicable line of your return: • Individuals. Form 1040, line 53, or Form 1040NR, line 50. . . . . • Corporations. Form 1120, Schedule J, Part I, line 5c . . . . . • Estates and trusts. Form 1041, Schedule G, line 2b . . . . .	38	3,137.

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**Part III General Business Credits or Eligible Small Business Credits (see instructions)**

Complete a separate Part III for each box checked below. (see instructions)

- A ☒ General Business Credit From a Non-Passive Activity  
B ☐ General Business Credit From a Passive Activity  
C ☐ General Business Credit Carryforwards  
D ☐ General Business Credit Carrybacks

- E ☐ Eligible Small Business Credit From a Non-Passive Activity  
F ☐ Eligible Small Business Credit From a Passive Activity  
G ☐ Eligible Small Business Credit Carryforwards  
H ☐ Eligible Small Business Credit Carrybacks

I If you are filing more than one Part III for boxes A, B, E, or F checked, complete and attach first an additional Part III combining amounts from all Parts III with boxes A, B, E, or F checked. Check here if this is the consolidated Part III . . . . . ☐

(a) Description of credit

(b)  
If claiming the credit  
from a pass-through  
entity, enter the EIN

(c)  
Enter the appropriate  
amount

**Note:** On any line where the credit is from more than one source, a separate Part III is needed for each pass-through entity.

1a	Investment (Form 3468, Part II only) (attach Form 3468) . . . . .	1 a		
b	Reserved for future use. . . . .	1 b		
c	Increasing research activities (Form 6765) . . . . .	1 c		
d	Low-income housing (Form 8586, Part I only) . . . . .	1 d		
e	Disabled access (Form 8826) (do not enter more than \$5,000 in column (c) of Parts III with boxes A, B, E, or F checked, combined) . . . . .	1 e		
f	Renewable electricity, refined coal, and Indian coal production (Form 8835) . . . . .	1 f		
g	Indian employment (Form 8845) . . . . .	1 g		
h	Orphan drug (Form 8820) . . . . .	1 h		
i	New markets (Form 8874) . . . . .	1 i		
j	Small employer pension plan startup costs (Form 8881) (do not enter more than \$500 in column (c) of Parts III with boxes A, B, E, or F checked, combined) . . . . .	1 j		
k	Employer-provided child care facilities and services (Form 8882) . . . . .	1 k		
l	Biodiesel and renewable diesel fuels (attach Form 8864) . . . . .	1 l		
m	Low sulfur diesel fuel production (Form 8896) . . . . .	1 m		
n	Distilled spirits (Form 8906) . . . . .	1 n		
o	Nonconventional source fuel (Form 8907) . . . . .	1 o		
p	Energy efficient home (Form 8908) . . . . .	1 p		
q	Energy efficient appliance (Form 8909) . . . . .	1 q		
r	Alternative motor vehicle (Form 8910) . . . . .	1 r		
s	Alternative fuel vehicle refueling property (Form 8911) . . . . .	1 s		
t	Reserved for future use. . . . .	1 t		
u	Mine rescue team training (Form 8923) . . . . .	1 u		
v	Agricultural chemicals security (Form 8931) (do not enter more than \$2 million in column (c) of Parts III with boxes A, B, E, or F checked, combined) . . . . .	1 v		
w	Employer differential wage payments (Form 8932) . . . . .	1 w		
x	Carbon dioxide sequestration (Form 8933) . . . . .	1 x		
y	Qualified plug-in electric drive motor vehicle (Form 8936) . . . . .	1 y		
z	Qualified plug-in electric vehicle (Form 8834, Part I only) . . . . .	1 z		
aa	New hire retention (Form 5884-B) . . . . .	1 aa		
bb	General credits from an electing large partnership (Schedule K-1 (Form 1065-B)) . . . . .	1 bb		
zz	Other. . . . .	1 zz		
2	Add lines 1a through 1zz and enter here . . . . .	2		
3	Enter the amount from Form 8844 . . . . .	3		
4a	Investment (Form 3468, Part III) (attach Form 3468) . . . . .	4 a		
b	Work opportunity (Form 5884) . . . . .	4 b		
c	Alcohol and cellulosic biofuel fuels (Form 6478) . . . . .	4 c		
d	Low-income housing (Form 8586, Part II) . . . . .	4 d		
e	Renewable electricity, refined coal, and Indian coal production (Form 8835) . . . . .	4 e		
f	Employer social security and Medicare taxes paid on certain employee tips (Form 8846) . . . . .	4 f		
g	Qualified railroad track maintenance (Form 8900) . . . . .	4 g		
h	Small employer health insurance premiums (Form 8941) . . . . .	4 h		4,551.
i	Reserved for future use. . . . .	4 i		
j	Reserved for future use. . . . .	4 j		
z	Other. . . . .	4 z		
5	Add lines 4a through 4z and enter here . . . . .	5		4,551.
6	Add lines 2, 3, and 5 . . . . .	6		4,551.

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**Part III General Business Credits or Eligible Small Business Credits (see instructions)**

Complete a separate Part III for each box checked below. (see instructions)

- |  |   |
|--|---|
| A <input type="checkbox"/> General Business Credit From a Non-Passive Activity | E <input type="checkbox"/> Eligible Small Business Credit From a Non-Passive Activity |
| B <input type="checkbox"/> General Business Credit From a Passive Activity     | F <input type="checkbox"/> Eligible Small Business Credit From a Passive Activity     |
| C <input checked="" type="checkbox"/> General Business Credit Carryforwards    | G <input type="checkbox"/> Eligible Small Business Credit Carryforwards               |
| D <input type="checkbox"/> General Business Credit Carrybacks                  | H <input type="checkbox"/> Eligible Small Business Credit Carrybacks                  |

I If you are filing more than one Part III for boxes A, B, E, or F checked, complete and attach first an additional Part III combining amounts from all Parts III with boxes A, B, E, or F checked. Check here if this is the consolidated Part III . . . . . ☐

(a) Description of credit

(b)  
If claiming the credit  
from a pass-through  
entity, enter the EIN

(c)  
Enter the appropriate  
amount

Note: On any line where the credit is from more than one source, a separate Part III is needed for each pass-through entity.

1 a Investment (Form 3468, Part II only) (attach Form 3468) . . . . .	1 a		
b Reserved for future use . . . . .	1 b		
c Increasing research activities (Form 6765) . . . . .	1 c		
d Low-income housing (Form 8586, Part I only) . . . . .	1 d		
e Disabled access (Form 8826) (do not enter more than \$5,000 in column (c) of Parts III with boxes A, B, E, or F checked, combined) . . . . .	1 e		
f Renewable electricity, refined coal, and Indian coal production (Form 8835) . . . . .	1 f		
g Indian employment (Form 8845) . . . . .	1 g		
h Orphan drug (Form 8820) . . . . .	1 h		
i New markets (Form 8874) . . . . .	1 i		
j Small employer pension plan startup costs (Form 8881) (do not enter more than \$500 in column (c) of Parts III with boxes A, B, E, or F checked, combined) . . . . .	1 j		
k Employer-provided child care facilities and services (Form 8882) . . . . .	1 k		
l Biodiesel and renewable diesel fuels (attach Form 8864) . . . . .	1 l		
m Low sulfur diesel fuel production (Form 8896) . . . . .	1 m		
n Distilled spirits (Form 8906) . . . . .	1 n		
o Nonconventional source fuel (Form 8907) . . . . .	1 o		
p Energy efficient home (Form 8908) . . . . .	1 p		
q Energy efficient appliance (Form 8909) . . . . .	1 q		
r Alternative motor vehicle (Form 8910) . . . . .	1 r		
s Alternative fuel vehicle refueling property (Form 8911) . . . . .	1 s		
t Reserved for future use . . . . .	1 t		
u Mine rescue team training (Form 8923) . . . . .	1 u		
v Agricultural chemicals security (Form 8931) (do not enter more than \$2 million in column (c) of Parts III with boxes A, B, E, or F checked, combined) . . . . .	1 v		
w Employer differential wage payments (Form 8932) . . . . .	1 w		
x Carbon dioxide sequestration (Form 8933) . . . . .	1 x		
y Qualified plug-in electric drive motor vehicle (Form 8936) . . . . .	1 y		
z Qualified plug-in electric vehicle (Form 8834, Part I only) . . . . .	1 z		
aa New hire retention (Form 5884-B) . . . . .	1 aa		
bb General credits from an electing large partnership (Schedule K-1 (Form 1065-B)) . . . . .	1 bb		
zz Other . . . . .	1 zz		
2 Add lines 1a through 1zz and enter here . . . . .	2		
3 Enter the amount from Form 8844 . . . . .	3		
4 a Investment (Form 3468, Part III) (attach Form 3468) . . . . .	4 a		
b Work opportunity (Form 5884) . . . . .	4 b		
c Alcohol and cellulosic biofuel fuels (Form 6478) . . . . .	4 c		
d Low-income housing (Form 8586, Part II) . . . . .	4 d		
e Renewable electricity, refined coal, and Indian coal production (Form 8835) . . . . .	4 e		
f Employer social security and Medicare taxes paid on certain employee tips (Form 8846) . . . . .	4 f		
g Qualified railroad track maintenance (Form 8900) . . . . .	4 g		
h Small employer health insurance premiums (Form 8941) . . . . .	4 h		5,079.
i Reserved for future use . . . . .	4 i		
j Reserved for future use . . . . .	4 j		
z Other . . . . .	4 z		
5 Add lines 4a through 4z and enter here . . . . .	5		5,079.
6 Add lines 2, 3, and 5 . . . . .	6		5,079.

Form 4797

Department of the Treasury  
Internal Revenue Service (99)

# Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

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

OMB No. 1545-0184

2011

Attachment  
Sequence No. 27

Name(s) shown on return

Lakes Region Water Co., Inc.

Identifying number

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . . 1

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

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	tanks	various	03/01/11	0	17164	24306	-7142
	tanks	07/01/04	03/01/11	0	1077	4144	-3067
	pumps	07/01/02	07/01/11	0	1092	1172	-80
	See Additional Part I, Line 2 Sales			0	16825	17198	-373

- 3 Gain, if any, from Form 4684, line 39 . . . . . 3
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37. . . . . 4
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824. . . . . 5
- 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . . 7 -10,662.

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . . 8
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . . 9

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

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


- 11 Loss, if any, from line 7 . . . . . 11 -10,662.
- 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . . 12
- 13 Gain, if any, from line 31 . . . . . 13
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a . . . . . 14
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . . 15
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . . 16
- 17 Combine lines 10 through 16 . . . . . 17 -10,662.

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from Form 4797, line 18a. See instructions . . . . . 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . 18b

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2011)

**Credit for Small Employer Health Insurance Premiums**

► Information about Form 8941 and its instructions is available at [www.irs.gov/form8941](http://www.irs.gov/form8941).  
► Attach to your tax return.

OMB No. 1545-2198

**2011**Attachment  
Sequence No. **63**

Name(s) shown on return

Lakes Region Water Co., Inc.

Identifying number

1	Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions) . . . . .	1	8
2	Enter the number of full-time equivalent employees you had for the tax year (see instructions). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12 . . . . .	2	7
3	Average annual wages you paid for the tax year (see instructions). If you entered \$50,000 or more, skip lines 4 through 11 and enter -0- on line 12 . . . . .	3	41,000.
4	Premiums you paid during the tax year for employees included on line 1 for health insurance coverage under a qualifying arrangement (see instructions) . . . . .	4	36,519.
5	Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which you offered health insurance coverage (see instructions) . . . . .	5	36,124.
6	Enter the smaller of line 4 or line 5 . . . . .	6	36,124.
7	Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 25% (.25) • All other small employers, multiply line 6 by 35% (.35) . . . . .	7	12,643.
8	If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions . . . . .	8	12,643.
9	If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions . . . . .	9	4,551.
10	Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4 (see instructions) . . . . .	10	
11	Subtract line 10 from line 4. If zero or less, enter -0- . . . . .	11	36,519.
12	Enter the smaller of line 9 or line 11 . . . . .	12	4,551.
13	If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1 for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (see instructions) . . . . .	13	7
14	Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13 . . . . .	14	6
15	Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions) . . . . .	15	
16	Add lines 12 and 15. Cooperatives, estates, and trusts, go to line 17. Tax-exempt small employers, skip lines 17 and 18 and go to line 19. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, line 4h . . . . .	16	4,551.
17	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .	17	
18	Cooperatives, estates, and trusts, subtract line 17 from line 16. Stop here and report this amount on Form 3800, line 4h . . . . .	18	
19	Enter the amount you paid in 2011 for taxes considered payroll taxes for purposes of this credit (see instructions) . . . . .	19	
20	Tax-exempt small employers, enter the smaller of line 16 or line 19 here and on Form 990-T, line 44f . . . . .	20	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8941 (2011)



Form 4562

Depreciation and Amortization  
(Including Information on Listed Property)

OMB No. 1545-0172

2011

Attachment  
Sequence No. 179Department of the Treasury  
Internal Revenue Service (99)

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

Name(s) shown on return

Lakes Region Water Co., Inc.

Business or activity to which this form relates

Identifying number

Form 1120 Line 20

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

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

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	66,503.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	pumps	10,540.	10,540.
	See Additional Section 179 Property Statement		55,963.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	66,503.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	66,503.
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	18,904.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	222,748.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	85,407.
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12.	13	0.

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

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

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

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

## Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011.	17	81,569.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.		

## Section B — Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property		1,048.	20	MQ	150db	20.
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
	various	45,973.	39 yrs	MM	S/L	481.

## Section C — Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

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

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12 lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	167,477.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDZ0812 05/20/11

Form 4562 (2011)

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

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

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

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

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

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

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

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

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

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

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

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year. . . . .					
					43
44 Total. Add amounts in column (f). See the instructions for where to report . . . . .					44

Form 1120, Page 1, Line 26  
Other Deductions Statement

Chemicals	1,336.
Contracted Services	4,802.
Equipment Lease	3,600.
Insurance	38,562.
Legal & Accounting	77,513.
Membership Fees	503.
Misc Field Expenses	2,369.
Office Expense	30,886.
Operating Permits	5,100.
Electrical	74,688.
Purchased Water	0.
Rate Case Expenses	17,657.
Regulatory Expenses	3,195.
Telephone	11,170.
Water Tests	19,840.
Vehicle Expenses	61,055.
Amortization of Contribution in Aid of Construction	-22,619.
Meals and entertainment (50%)	30.
Total	<u>329,687.</u>

Form 1120, Page 5, Schedule L, Line 6  
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
Deferred expense	31,322.	38,801.
Unamortized debt financing	7,316.	5,528.
Misc deferred costs	79,114.	188,587.
Total	<u>117,752.</u>	<u>232,916.</u>

Form 1120, Page 5, Schedule L, Line 18  
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
Accrued Expenses	16,706.	8,883.
Total	<u>16,706.</u>	<u>8,883.</u>

Form 1120, Page 5, Schedule L, Line 21  
Ln 21 Stmt

Other Liabilities:	Beginning of tax year	End of tax year
Deferred income taxes	105,511.	105,511.
Contributions in Aid of Construction (net)	667,658.	650,747.

Form 1120, Page 5, Schedule L, Line 21  
Ln 21 Stmt

Continued

Other Liabilities:	Beginning of tax year	End of tax year
Total	<u>773,169.</u>	<u>756,258.</u>

Form 1120, Page 5, Schedule L, Line 26  
Ln 26 Stmt

Adjustments to Shareholders' Equity:	Beginning of tax year	End of tax year
Fees incurred to increase add'l pd in capital	<u>-14,724.</u>	<u>-12,883.</u>
Total	<u>-14,724.</u>	<u>-12,883.</u>

Form 1120, Page 4, Schedule M-1, Line 5  
Ln 5 Stmt

Cr small employer health ins prems from Form 8941	<u>4,551.</u>
Amortization of capitalized loans expenses	<u>1,841.</u>
Total	<u>6,392.</u>

Form 1120, Page 4, Schedule M-1, Line 8  
Ln 8 Stmt

Section 1231 loss	<u>10,662.</u>
Total	<u>10,662.</u>

Form 1120, Page 4, Schedule M-2, Line 3  
Ln 3 Stmt

Miscellaneous Adjustments	<u>4,611.</u>
Total	<u>4,611.</u>

Form 4562, line 6  
Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
meters	4,731.	4,731.
trailer	5,750.	5,750.
pickup	34,068.	34,068.
shop equip	3,683.	3,683.
computer equip	7,731.	7,731.

copy

Form 4562, line 6

Continued

## Additional Section 179 Property Statement

(a) Description of property	(b) Cost (bus use only)	(c) Elected cost
Total		<u>55,963.</u>

Form 4797, Page 1, Line 2

## Additional Part I, Line 2 Sales

mains	07/01/94	04/07/11	0	272	645	-373
various	various	12/31/11	0	16553	16553	0
Total			<u>0</u>	<u>16825</u>	<u>17198</u>	<u>-373</u>

copy

## Supporting Statement of:

Form 1120, pl-2/Line 1b

Description	Amount
Water Sales	1,072,882.
Disconnects / reconnects	8,805.
House transfers	1,157.
Payment pickup	225.
Meter maintenance	227.
Bad check charges	117.
Outside contractors	37,448.
rate case surcharge	17,656.
Total	<u>1,138,517.</u>

## Supporting Statement of:

Two Year Comparison/Line 1a- PY column

Description	Amount
Sales to Outside Contractors	28,569.
Maintenance on Cust Property	4,667.
Meter Maintenance	211.
Disconnects	15,045.
Water Sales	928,546.
Total	<u>977,038.</u>



BUSINESS TAX RETURN SUMMARY

For the CALENDAR year <b>2011</b> or other taxable period beginning		MMDDYYYY	and ending	MMDDYYYY
<input type="checkbox"/> Check box if there has been a name change since last filing. List former name.				
Proprietorship Last Name				
First Name				
MI				
Taxpayer Identification Number				
Jointly Owned Property Last Name				
First Name				
MI				
Taxpayer Identification Number				
Corporate, Partnership, Estate, Trust, Non-Profit or LLC Name				
LAKES REGION WATER COMPANY INC				
Taxpayer Identification Number		Principal Business Activity Code (Federal)		
020316484		221300		
Number & Street Address				
PO BOX 389				
Address (continued)				
City/Town				
MOULTONBORO				
State		Zip Code + 4 (or Canadian Postal Code)		
NH		03254-0389		
<b>STEP 2 - Return Type and Federal Information</b>				
If "yes" to the first two questions you must complete this BT-SUMMARY or your return will be considered incomplete and may be subject to penalties.				
Are you Required To File A BET Return (Gross Business Receipts over \$150,000 or Enterprise Value Tax Base over \$75,000)?				
<input type="checkbox"/> Yes <input type="checkbox"/> No				
Are You Required To File A BPT Return (Gross Business Income Over \$50,000)?				
<input type="checkbox"/> Yes <input type="checkbox"/> No				
Do you file a 990/990T?				
<input type="checkbox"/> Yes <input type="checkbox"/> No				
OR				
<input checked="" type="checkbox"/> 2 - CORPORATION		<input type="checkbox"/> 3 - PARTNERSHIP		<input type="checkbox"/> 1 - PROPRIETORSHIP
<input type="checkbox"/> 2 - COMBINED GROUP		<input type="checkbox"/> 5 - NON-PROFIT		<input type="checkbox"/> 4 - FIDUCIARY
<input type="checkbox"/> AMENDED RETURN				
<input type="checkbox"/> FINAL RETURN				
Check here if the IRS has made any agreed or partially agreed to adjustments for any federal income tax return, which adjustment has not been previously reported to New Hampshire.				
Enter Years Covered by IRS				





**BUSINESS TAX RETURN SUMMARY - continued**

**STEP 3 - Complete the BET and / or BPT Return(s) and then Complete the Business Tax Summary and Attach Return(s)**

**STEP 4 - Calculate Your Balance Due or Overpayment**

Round to the nearest dollar

1 (a) Business Enterprise Tax Net of Statutory Credits	2743
(b) Business Profits Tax Net of Statutory Credits	8
(c) Subtotal of Business Tax Due (Line 1(b) plus Line 1(a))	2743
<b>2 PAYMENTS</b>	
(a) Tax paid with application for extension	
(b) Total of taxable period's estimated tax payments	
(c) Credit carryover from prior tax period	
(d) Tax paid with original return (Amended returns only)	
(e) Total of lines 2(a) through 2(d)	
3 TAX DUE (Line 1(c) minus Line 2(e))	2743
<b>4 ADDITIONS TO TAX</b>	
(a) Interest (See instructions)	
(b) Failure to Pay (See instructions)	
(c) Failure to File (See instructions)	
(d) Underpayment of Estimated Tax (See instructions)	
(e) Total of lines 4(a) through 4(d)	
5 (a) Subtotal of Amount Due (Line 3 plus Line 4(e))	
(b) Return Payment Made Electronically	
(c) <b>BALANCE DUE</b> Line 5(a) minus 5(b). Make your payment on-line at <a href="http://www.nh.gov/revenue">www.nh.gov/revenue</a> or make check payable to: <b>STATE OF NEW HAMPSHIRE</b> <b>PAY THIS AMOUNT</b>	2743
6 <b>OVERPAYMENT</b> : If balance due is less than zero, enter on Line 6	
7 Apply overpayment amount on Line 6 to:	
(a) Credit - Next Year's Tax Liability	
(b) Refund	<b>DO NOT PAY</b>

**STEP 5 - THIS RETURN MUST BE ACCOMPANIED BY COMPLETE AND LEGIBLE COPIES OF THE APPROPRIATE FEDERAL FORMS AND SCHEDULES**





New Hampshire  
Department of  
Revenue Administration

2011  
BT-SUMMARY



BUSINESS TAX RETURN SUMMARY - continued

Under penalties of perjury, I declare that I have examined this BT-Summary and the attached returns, and to the best of my belief they are true, correct and complete. (If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has knowledge.) If a combined group, I also certify that all affiliated companies are included in the appropriate group described in this return.

☐ POA: By checking this box and signing below, you authorize us to discuss this return with the preparer listed on this return.

TAXPAYER'S SIGNATURE & INFORMATION

Signature (in ink)

*Ther A Mason*

MMDDYYYY

05 23 2012

Signature (in ink)

MMDDYYYY

Print Signatory Name & Title

THE MRS A MASON, PRESIDENT

Email Address

L2WATER@LAKESREGIONWATER.COM

Phone Number

603 476 2348

☐ Check this box if you are filing as a surviving spouse

PREPARER'S SIGNATURE & INFORMATION

Signature (in ink) of Paid Preparer

*Norm E Roberge*

MMDDYYYY

05 15 2012

Printed Name of Preparer

NORMAN E ROBERGE

Email Address

NORMANROBERGE@HUGHES.NET

Phone Number

603 496 7907

Preparer Identification Number

[REDACTED]

Preparer's Address

1207 GORHAM ROAD

Address (continued)

[REDACTED]

City/Town

DUNBARTON

State

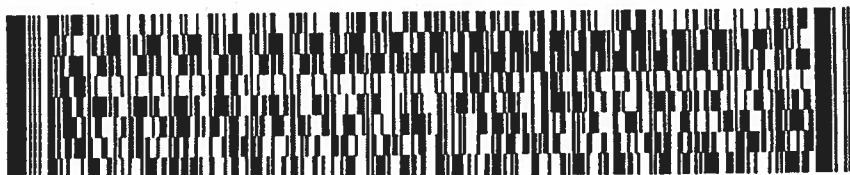
NH

Zip Code + 4 (or Canadian Postal Code)

03046-0389

MAIL TO: NH DRA  
PO BOX 637  
CONCORD NH 03302-0637

Make Check Payable to:  
STATE OF NEW HAMPSHIRE





2011  
BET



BUSINESS ENTERPRISE TAX RETURN

Business Organization Name  
**LAKE REGION WATER COMPANY INC**

Taxpayer Identification # [REDACTED] For the CALENDAR year **2011** and ending [REDACTED]  
or other taxable period beginning [REDACTED]

You are required to file this return if the gross receipts were greater than  
**\$150,000** or the enterprise value tax base is greater than **\$75,000**

USE FORM DP-87 TO REPORT IRS ADJUSTMENTS

Total Gross Business Receipts for this business organization [REDACTED] Round to the nearest dollar

1. Dividends Paid [REDACTED]

2. Compensation and Wages Paid or Accrued **281,154**

3. Interest Paid or Accrued **84,599**

4. Taxable Enterprise Value Tax Base (Sum of Lines 1, 2, and 3) **365,753**

5. New Hampshire Business Enterprise Tax (Line 4 multiplied by .0076) before credits **2,743**

6. Enter credits against BET. Use DP-169 to determine credit against BET [REDACTED]

7. Enter Tax Due (Line 5 minus 6). If negative, enter Zero **TAX DUE 2,743**

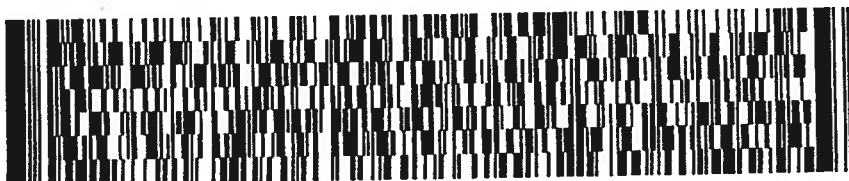
BET CREDIT WORKSHEET

1. Business Profits Tax from BPT Return, Line 8 NH-1120-WE, Line 9 all other forms [REDACTED]

2. Sum the amounts from Line 3 through 8, Column B down until the total equals the amount on Line 1. Enter the result on the BPT return, Line 9(a) NH-1120-WE, Line 10(a) all other forms [REDACTED]

Use carry forward amounts in the following order for this taxable period

	A Apply Credits Here	B Sum of Credit to BPT	C Excess Credits
3. BET tax paid amount from Line 7 BET Return	0		0
4. Carry over BET from fifth prior taxable period	0		0
5. Carry over BET from fourth prior taxable period	0		0
6. Carry over BET from third prior taxable period	0		0
7. Carry over BET from second prior taxable period	0		0
8. Carry over BET from first taxable period	0		0







2011  
NH-1120



BUSINESS PROFITS TAX RETURN

Business Organization Name

LAKE REGION WATER COMPANY INC

Taxpayer Identification #

[REDACTED]

For the CALENDAR year 2011  
or other taxable period beginning

MMDDYYYY

[REDACTED]

MMDDYYYY

and ending

[REDACTED]

USE FORM DP-87 TO REPORT IRS ADJUSTMENTS

1 GROSS BUSINESS PROFITS

Enter Amount Reported on:

If 1120, Federal Form 1120, Line 28

If 1120S, DP-120, Line 2 (attach DP-120 to tax return)

Round to the nearest dollar

137341

2 INCREASE or DECREASE TO GROSS BUSINESS PROFITS TO RECONCILE TO IRC AS OF 12/31/2000. RSA 77-A:1, XX

2(a) Add amount of IRC §179 expense taken on Federal Form 4562 in excess of \$20,000, including carry over amounts, but not more than federal taxable income for any year an IRC §179 election is made

65407

2(b) Add the amount of bonus depreciation taken on the federal return for assets placed in service this period

2(c) Add the amount of Domestic Production Activities deduction taken on the federal return this taxable period

2(d) Add any other deductions taken on the federal return that need to be eliminated or adjusted due to revisions to the IRC in effect on 12/31/2000

2(e) Deduct regular depreciation related to IRC §179 and bonus depreciation not allowed for this taxable period or for prior taxable periods

-42942

2(f) Deduct any other items included on the federal return that need to be eliminated or adjusted due to revisions to the IRC in effect on 12/31/2000

2(g) Increase or Decrease the net gain or loss on the sale of assets used in the business which have a different State basis from the tax basis reported on the federal return

2(h) Net 2(a) through 2(g)

22465

3 Subtotal Line 1 adjusted by Line 2(h)

159806

4 Separate entry items of income or expense (attach schedule)

5 ADDITIONS AND DEDUCTIONS (RSA 77-A:4)

5(a) Deduct interest on direct US Obligations. (RSA 77-A:4, II)

5(b) Add income taxes or franchise taxes measured by income (attach schedule of taxes by State). (RSA 77-A:4, VII)

2814

5(c) Add federal non-recognized IRC §337 Gain (RSA 77-A:4, VIII)

5(d) Deduct wage adjustment required by IRC §280C. (RSA 77-A:4, IX)

5(e) Add expenses related to constitutionally exempt income. (RSA 77-A:4, X)

5(f) Deduct foreign dividend gross-up (IRC §78). (RSA 77-A:4, XI)

5(g) Deduct research contribution. (attach computation). (RSA 77-A:4, XII)



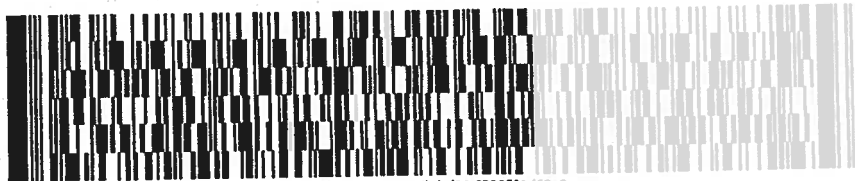
New Hampshire  
Department of  
Revenue Administration

2011  
NH-1120



BUSINESS PROFITS TAX RETURN ADJUSTMENTS TO GROSS BUSINESS PROFITS

Business Organization Name	
LAKES REGION WATER COMPANY INC	
Taxpayer Identification #	MMDDYYYY
	For the CALENDAR year 2011
	or other taxable period beginning
	and ending
MMDDYYYY	
NH-1120 continued	
5(h) Deduct New Hampshire Net Operating Loss Deduction (NOLD). (attach Form DP-132) (RSA 77-A:4, XIV) Round to the nearest dollar	
NOLD available	A 169 244
Less NOLD used this tax period	- 162 620
NOLD to be carried forward	B 6624
5(i) Add the amount of the increase on the basis of assets which was due to the sale or exchange of interest in the business organization. (RSA 77-A:4, XVI)	
5(j) Add Qualified Investment Company (QIC) holders proportional share of QIC profits. (RSA 77-A:4, XVI)	
5(k) Deduct assistance payments under 12 USC §1823. (RSA 77-A:4, XVI)	
5(l) Net Lines 5(a) through 5(k)	
6 Adjusted Gross Business Profits (Sum of Lines 3, 4, and 5(l))	
7 New Hampshire Apportionment. (If applicable, complete BPT Apportionment Schedule. Enter percentage from Form DP-80 Apportionment Schedule, Line 5)	
8 New Hampshire Taxable Business Profits (Line 6 multiplied by Line 7. If negative, enter zero)	
9 Compute tax (Line 8 multiplied by 8.5%)	
10 (a) BET Credit only - see Form BET Credit Worksheet	
-OR-	
(b) Other credit including BET. (attach Form DP-160)	
11 New Hampshire Business Profits Tax Net of Statutory Credits (Line 9 minus Line 10(a) or 10(b), as applicable, cannot be less than zero). Report on BT Summary, Line 1(b)	





NET OPERATING LOSS (NOL) DEDUCTION

Business Organization

LAKE REGION WATER COMPANY INC

taxpayer Identification #

MMDDYYYY

MMDDYYYY

For the CALENDAR year 2011  
or other taxable period beginning:

and ending:

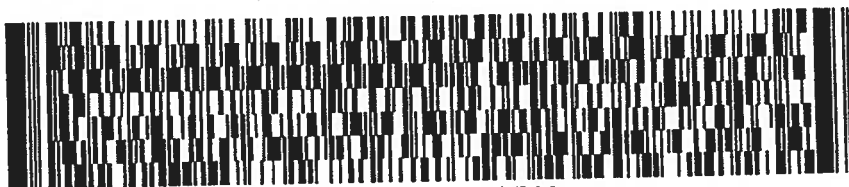
	Column A Ending date of taxable period in which NOL occurred	Column B New Hampshire NOL available for carryforward from NOL Worksheets	Column C Amount of NOL carry forward which has been used in taxable periods prior to this taxable period	Column D Amount of NOL to be used as a deduction in this taxable period	Column E Amount of NOL to carry forward to future taxable period
1	12312008	215872	46628	162620	6624
2					
3					
4					
5					
6					
7					
8					
9					
10					
11		215872	46628	162620	6624

Line 11 - Total Columns B, C, D, & E (Sum Lines 1 - 10 in each respective column).

The amount of NOL carryforward deducted this taxable period is the Sum of Column D, Lines 1 - 10.

This is the amount to be reported on the applicable Business Profits Tax return.

NOTE: Column B less Column C should equal the sum of Column D plus Column E. This amount cannot reduce New Hampshire Adjusted Gross Business Profits below zero.



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NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**CORPORATION BUSINESS PROFITS TAX RETURN**  
LINE-BY-LINE INSTRUCTIONS (continued)

**STEP 4: Figure Your Credits**

**Line 7: CREDITS**

Enter the amount of credits allowed under RSA 77-A:5 as shown on Form DP-160, Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 7. Do not include the Business Enterprise Tax Credit on this line.

**Line 8**

Enter the amount of Line 6 minus Line 7.

**Line 9**

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to five taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the Business Enterprise Tax credit to be applied against this years Business Profits Tax, complete the following worksheet.

**Line 10**

Enter the lesser amount of Line 8 or Line 9. If Line 9 is greater than Line 8, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current tax periods credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period following the taxable period of the BET liability.

**Line 11**

Enter the amount of Line 8 minus Line 10.

Enter the amount from Line 11 on Line 1(b) of the BT-Summary.

	BET CREDIT WORKSHEET				
	Taxable period ended 12/31/07	Taxable period ended 12/31/08	Taxable period ended 12/31/09	Taxable period ended 12/31/10	Taxable period ended 12/31/11
A BET Credit Carryforward Amount *See note below	2021	1878	4065	6261	
B Current Period BET liability from Form BET, Line 5	1878	2187	2196	2382	
C Expiring BET Credit Carryforward **See note below	( 2021 )	( & )	( & )	( & )	( )
D BET Credit Available (Sum of Lines A, B and C) Enter on Line 9 of NH-1120	1878	4065	6261	8643	
E Current Period BPT liability from Form NH-1120, Line 8	&	&	&	&	
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 10 of NH-1120	&	&	&	&	
G Credit Carryforward Amount (Line D minus Line F) Carry this amount forward and indicate on Line A in subsequent period.	1878	4065	6261	8643	

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.

\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

---

**Data Request Received: 2/15/13**  
**Staff 1-3**

**Date of Response: 2/22/13**  
**Witness: Stephen P. St. Cyr**

**Request:** Please provide a calculation of the Company's actual rate of return for 2012.

**Response:** See Attachment 1-3.

## 2012 Preliminary Actual Rate of Return Calculation

	Preliminary Actual <u>12/31/2012</u>	Actual <u>12/31/2011</u>	<u>Average</u>
Plant in Service	\$4,593,839	\$4,455,620	\$4,524,730
Less: Acquisition Adjustment	<u>(254,025)</u>	<u>(254,025)</u>	<u>(254,025)</u>
Net Cost	\$4,339,814	\$4,201,595	\$4,270,705
Accumulated Depreciation / Amortization	(1,483,135)	(1,358,431)	(1,420,783)
Plus: Accumulated Amortization of Acq. Adj	<u>160,608</u>	<u>154,932</u>	<u>157,770</u>
Total Net Utility Plant	\$3,017,287	\$2,998,096	\$3,007,692
Material & Supplies	6,474	36,084	21,279
Prepayments - Other	26,948	30,048	28,498
Prepaid Taxes	11,060	8,754	9,907
Accrued Taxes	(98,537)	(588)	(49,563)
Accumulated DIT - Depreciation	(90,452)	(105,511)	(97,982)
Net Contribution in Aid of Construction*	<u>(633,863)</u>	<u>(650,747)</u>	<u>(642,305)</u>
Subtotal	\$2,238,917	\$2,316,136	\$2,277,527
Cash Working Capital	740,242	0.2055	<u>152,120</u>
Total Average Rate Base			<u>\$2,429,646</u>
Net Operating Income			<u>\$211,781</u>
Actual Rate of Return			<u>8.717%</u>
Authorized Rate of Return			<u>8.425%</u>
Required Net Operating Income			<u>\$204,698</u>
Additional Net Operating Income Required			<u>(\$7,083)</u>

SPSt. Cyr  
2/20/2013



**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

---

**Data Request Received: 2/15/13**  
**Staff 1-4**

**Date of Response: 2/22/13**  
**Witness: Stephen P. St. Cyr**

**Request:** Please provide detailed cash flow statements for the years 2010, 2011, and 2012 which clearly correspond with the balance sheets and income statements produced for each respective year and which clearly identify in detail the sources and uses of cash from operating activities, investment activities and financing activities.

**Response:** See Attachment 1-4.

LAKES REGION WATER COMPANY, INC.  
STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDING DECEMBER 31,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>			
Net Income	142,617	\$ 159,967	\$ 55,510
Retained Earnings Adjustment	-	(1,629)	1,517
Retained Earnings Adj. due to 2007-2008-2009 interest expense	-	-	76,457
Retained Earnings Adj. due to 2008-2009 pension expense	-	-	69,879
Adjustments To Reconcile Net Income To Net Cash Provided by Operating Activities			
Depreciation	119,106	149,090	145,748
Amortization of Acquisition Adjustment	(5,676)	(5,708)	(5,708)
Amortization of CIAC	(16,884)	(16,911)	(16,911)
Amortization of Debt Financing Costs	2,103	1,788	1,788
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(31,833)	2,934	(39,202)
(Increase) Decrease in Inventory	29,611	2,836	6,213
(Increase) Decrease in Deferred Expenses	794	(7,480)	(1,106)
Increase (Decrease) in Accounts Payable	139,602	53,088	96,477
Increase (Decrease) in Accrued Expenses	92,587	(1,582)	6,014
(Decrease) in Accrued Expenses (interest) due to 2007-2008-2009 Int exp	(63,411)	(109,474)	(76,457)
(Increase) Decrease in Miscellaneous Deferred Costs			(71,782)
Net Cash Provided by Operating Activities	<u>408,616</u>	<u>226,919</u>	<u>248,438</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of Plant and Equipment	(132,621)	(118,828)	(107,321)
Net Cash Used in Investing Activities	<u>(132,621)</u>	<u>(118,828)</u>	<u>(107,321)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from New Debt	-	32,509	31,301
Principal Payments on Debt	(143,588)	(130,613)	(117,581)
Deferred Financing Costs	-	-	(315)
Capital Stock Financing Costs	-	1,841	1,841
Increase (Decrease) Additional Paid in Capital	(123,356)	1,552	12,444
(Decrease) in Paid in Capital due to 2008-2009 pension exp reclass	-	-	(69,879)
Increase (Decrease) Deferred Income Taxes	(15,089)		
Net Cash Used in Financing Activities	<u>(282,033)</u>	<u>(94,711)</u>	<u>(142,189)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(6,038)	13,380	(1,073)
<b>CASH, Beginning of Year</b>	17,341	3,961	5,034
<b>CASH, End of Year</b>	<u>\$ 11,303</u>	<u>\$ 17,341</u>	<u>\$ 3,961</u>

**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

---

**Data Request Received: 2/15/13**

**Date of Response: 2/22/13**

**Staff 1-5**

**Witness: Stephen P. St. Cyr**

**Request:** Page 8, Lines 9-12 of the Direct Testimony of Stephen St. Cyr states the following with regard to St. Cyr Exhibits 1 through 5, “The financial statements reflect a proforma 2012 and 2011. The proforma 2012 reflects 11 months of actual data and 1 month of estimated data. 2011 reflects twelve months of actual data (as recorded on the Company’s internal financial statements and reported to the PUC in its 2011 PUC Annual Report).”

- a) Please provide updated St. Cyr Exhibits 1 through 5 which reflect 12 months of actual data for 2012.
- b) The Company’s responses to Staff 1-3 and Staff 1-4 should correspond with the updated St. Cyr Exhibits.

**Response:**

- a) See Attachment 1-5a.
- b) Please note that the responses to 1-3 & 1-4 correspond to the updated St. Cyr exhibits.

LAKES REGION WATER COMPANY, INC.  
BALANCE SHEET

Attachment 1-5a  
Exhibit 1

	Preliminary Actual December 2012	Adjustment	Adjusted Preliminary Actual December 2012	December 31 2011
<b>ASSETS</b>				
Property, Plant and Equipment				
Cost	\$ 4,593,839		\$ 4,593,839	\$ 4,455,620
Less: Acquisition Adjustment	(254,025)		(254,025)	(254,025)
Net Cost	\$ 4,339,814	\$ -	\$ 4,339,814	\$ 4,201,595
Less: Accumulated Depreciation / Amortization	(1,483,135)		(1,483,135)	(1,358,431)
Accumulated Amortization of Acquisition /	160,608		160,608	154,932
Total Property, Plant and Equipment	3,017,287	-	3,017,287	2,998,096
Current Assets				
Cash	11,303		11,303	17,338
Accounts Receivable	124,398		124,398	132,256
Accounts Receivable - Rate Recoupment	39,691		39,691	
Accounts Receivable - Gross-up of Income Tax		170,258	170,258	
Inventory	6,474		6,474	36,084
Deferred Expenses	38,008		38,008	38,802
Total Current Assets	219,874	170,258	390,132	224,479
Other Assets				
Unamortized Debt Financing Costs	3,425		3,425	5,528
Miscellaneous Deferred Costs	251,998		251,998	188,587
Total Other Assets	255,423	-	255,423	194,115
<b>TOTAL ASSETS</b>	<b>\$ 3,492,583</b>	<b>\$ 170,258</b>	<b>\$ 3,662,841</b>	<b>\$ 3,416,689</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Stockholders' Equity				
Common Stock	\$ 10,000		10,000	\$ 10,000
Additional Paid-In Capital	955,248		955,248	1,078,604
Capital Stock Expense	(12,883)		(12,883)	(12,883)
Retained Earnings	409,400	96,387	505,783	266,783
Total Stockholders' Equity	1,361,765	96,387	1,458,148	1,342,504
Long-Term Debt, less current portion	497,929	-	497,929	641,516
Current Liabilities				
Current Portion, Long-Term Debt	143,160		143,160	143,160
Accounts Payable	663,944		663,944	524,368
Accrued Expenses	2,933		2,933	8,295
Accrued Income Taxes	98,537	72,312	170,849	588
Total Current Liabilities	908,574	72,312	980,886	676,411
Deferred Income Taxes	90,452	1,559	92,011	105,511
Contribution in Aid of Construction				
Gross Received (net of premature retirements)	849,099		849,099	849,099
Less: Accumulated Amortization	(215,236)		(215,236)	(198,352)
Total Contribution in Aid of Construction	633,863	-	633,863	650,747
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,492,583</b>	<b>\$ 170,258</b>	<b>\$ 3,662,837</b>	<b>\$ 3,416,689</b>

LAKES REGION WATER COMPANY, INC.  
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Exhibit 1

	Preliminary Actual December 2012	Adjustment	Adjusted Preliminary Actual December 2012	Year Ending December 31 2011
OPERATING REVENUES	\$ 1,198,050	\$ 170,258	\$ 1,368,308	\$ 1,138,517
OPERATING EXPENSES:				
Production	98,987		98,987	109,850
Treatment	37,321		37,321	42,342
Transmission and distribution	124,770		124,770	115,277
Customers' billing and collection	26,250		26,250	38,719
General and administrative	452,918		452,918	401,303
Depreciation / amortization	97,344		97,344	126,471
Taxes - other than income	65,793		65,793	60,048
Provision for income taxes - current	97,949	72,312	170,261	
Provision for income taxes - deferred	(15,059)	1,559	(13,500)	2,814
Total operating expenses	986,273	73,871	1,060,144	896,823
NET OPERATING INCOME	211,777	96,387	308,164	241,695
GAIN / (LOSS) ON SALE OF ASSETS	-	-	-	-
NET WATER UTILITY OPERATING INCOME	211,777	96,387	308,164	241,695
NON-OPERATING INCOME, NET	4,259	-	4,259	2,875
INTEREST EXPENSE	(73,419)	-	(73,423)	(84,600)
NET INCOME	142,617	96,387	239,000	159,970
RETAINED EARNINGS, beginning of period	266,783		266,783	108,442
Ajustments				(1,629)
RETAINED EARNINGS, end of period	\$ 409,400	\$ 96,387	\$ 505,783	\$ 266,783

LAKES REGION WATER COMPANY, INC.  
SUPPLEMENTARY INFORMATION

	Preliminary Actual December 2012	Adjustment	Adjusted Preliminary Actual December 2012	Year Ending December 31 2011
<b>OPERATING REVENUES</b>				
General Sales:				
Unmetered Sales	\$ 334,502		\$ 334,502	\$ 331,128
Metered Sales	767,136		767,136	741,754
Rate Recoupment	52,202		52,202	
Gross-up of Income Tax		170,258	170,258	
Disconnect / Reconnect - Income	9,040		9,040	8,805
House transfer	3,448		3,448	1,158
Payment pickup	253		253	225
Meter Maintenance Income	230		230	227
Maintenance on Customer Property	1,996		1,996	2,642
Customer Bad Check Charges	40		40	115
Rental Income - Office	-		-	-
Equipment Rental	-		-	-
Sales Outside Contractors	29,203		29,203	34,807
Non-Owned System Operations (Gross Revenue)	-		-	-
Rate Case Surcharge	-		-	17,657
	<u>\$ 1,198,050</u>	<u>\$ 170,258</u>	<u>\$ 1,368,308</u>	<u>\$ 1,138,517</u>
<b>OPERATING EXPENSES:</b>				
Production				
Superintendence	\$ -		\$ -	\$ -
Labor	18,522		18,522	34,530
Purchased Water	1,200		1,200	-
Fuel for Pumps	-		-	-
Materials	9,688		9,688	2,770
Contracted Services	4,854		4,854	188
Purchased Power	63,723		63,723	71,363
Rents	1,000		1,000	1,000
	<u>\$ 98,987</u>	<u>\$ -</u>	<u>\$ 98,987</u>	<u>\$ 109,850</u>
Treatment				
Superintendence	\$ -		\$ -	\$ -
Labor	15,439		15,439	17,633
Chemicals	533		533	1,336
Water Tests	20,180		20,180	19,840
Materials	1,169		1,169	3,532
	<u>\$ 37,321</u>	<u>\$ -</u>	<u>\$ 37,321</u>	<u>\$ 42,342</u>
Transmission and distribution				
Superintendence	\$ -		\$ -	\$ -
Labor	30,522		30,522	36,926
Contracted Services	11,492		11,492	4,615
Materials	20,799		20,799	7,669
Equipment Lease	5,255		5,255	3,600
Building Lease - Garage	-		-	-
Transportation Expenses	56,152		56,152	61,052
Tel-Step	550		550	1,414
Miscellaneous	-		-	-
Backhoe Expenses	-		-	-
	<u>\$ 124,770</u>	<u>\$ -</u>	<u>\$ 124,770</u>	<u>\$ 115,277</u>

LAKES REGION WATER COMPANY, INC.  
SUPPLEMENTARY INFORMATION

	Preliminary Actual December 2012	Adjustment	Adjusted Preliminary Actual December 2012	Year Ending December 31 2011
Customers' billing and collection				
Superintendence	\$ -		\$ -	\$ -
Labor	10,873		10,873	20,892
Bad Debts	7,477		7,477	11,916
Contracted Services	2,922		2,922	102
Equipment Lease	-		-	-
Materials	4,978		4,978	5,809
	<u>\$ 26,250</u>	<u>\$ -</u>	<u>\$ 26,250</u>	<u>\$ 38,719</u>
General and administrative				
General Office Salaries & Wages	\$ 179,740		\$ 179,740	\$ 171,173
Employees' Welfare, net	35,966		35,966	39,728
Insurance	50,346		50,346	38,562
General Expenses:				
Heat / Electric Office	4,049		4,049	3,326
Contracted Services	2,605		2,605	2,267
Memberships	382		382	503
Telephone	8,898		8,898	9,755
Operating Permits	5,100		5,100	5,100
Office Supplies & Miscellaneous	29,056		29,056	32,521
Outside Services	98,459		98,459	77,513
Regulatory Commission Expense	38,317		38,317	20,853
	<u>\$ 452,918</u>	<u>\$ -</u>	<u>\$ 452,918</u>	<u>\$ 401,303</u>
Depreciation / amortization				
Depreciation	\$ 119,106		\$ 119,106	\$ 149,090
Amortization of Acquisition Adjustments	(5,676)		(5,676)	(5,708)
Amortization of Contribution in Aid of Construction	(16,884)		(16,884)	(16,911)
	<u>\$ 96,546</u>	<u>\$ -</u>	<u>\$ 96,546</u>	<u>\$ 126,471</u>
Taxes - other than income				
Payroll Taxes	\$ 22,364		\$ 22,364	\$ 24,448
Property Taxes	43,429		43,429	35,601
	<u>\$ 65,793</u>	<u>\$ -</u>	<u>\$ 65,793</u>	<u>\$ 60,048</u>
NON-OPERATING INCOME, NET				
Interest Income	\$ 4,759		\$ 4,759	\$ 5,016
Amortization of Equity Financing Expense	-		-	(1,841)
Other	(500)		(500)	(300)
	<u>\$ 4,259</u>	<u>\$ -</u>	<u>\$ 4,259</u>	<u>\$ 2,875</u>
INTEREST EXPENSE				
Interest on Long-Term Debt	\$ 71,635		\$ 71,635	\$ 82,812
Amortization of Deferred Debt Financing Expense	1,788		1,788	1,788
	<u>\$ 73,423</u>	<u>\$ -</u>	<u>\$ 73,423</u>	<u>\$ 84,600</u>

Attachment 1-5a  
Exhibit 2

Lakes Region Water Company, Inc.  
Depreciation 2012 Proforma - Book / Tax

Item	Book Depreciation	Tax Depreciation
Organizational Expenses	\$ 794	\$ 794
Franchise	85	85
Structures	9,987	8,197
Wells	10,037	10,037
Pumping Equipment	20,216	4,921
Reservoirs	10,486	9,133
Mains	31,317	34,340
Services	3,525	1,955
Meteres	7,573	2,823
Miscellaneous Equipment	4,010	2,668
Office Equipment	1,274	956
Transportation Equipment	8,215	8,215
Shop Equipment	4,601	-
Computer Equipment	6,986	900
	<hr/>	<hr/>
Total	<u>\$ 119,106</u>	<u>\$ 85,024</u>



A	B	C	D	E	F	G	H	I
Lakes Region Water Company, Inc. Calculation of Tax and Income Gross-up Requirement Proforma Dec 2012								
			Tax Calculation Pre-Gross-up			Tax Calc. with Gross-up Requirement		
					Tax Exp			Tax Exp
1	Net Income Per Books Pre-Tax			\$ 225,507			\$ 225,507	
2	Depreciation Adj for Tax Calculation:							
3	Add: book depreciation		119,106			119,106		
4	Less: tax depreciation		(85,024)			(85,024)		
5	Net depreciation adjustment			34,082			34,082	
6	Net taxable income pre-gross up			259,589			259,589	
7	Gross-up Income Required							
8	Tax Prior to Gross-Up					97,949		
9	Divide by Tax Factor					57.5300%		
10	Gross-up Income Required						170,258	
11	Net taxable income			259,589			429,847	
12	NHBPT Rate		8.50%			8.50%		
13	Less: NHBPT			(22,065)	\$ 22,065		(36,537)	\$ 36,537
14	Net taxable income for Federal			237,524			393,310	
15	Less: Federal tax							
16	50M @ 15%			(7,500)			(7,500)	
17	25M @ 25%			(6,250)			(6,250)	
18	25M @ 34%			(8,500)			(8,500)	
19	100M - 335M @ 39%			(53,634)			(91,650)	
20	> 335M @ 34%			-			(19,824)	
21	Total Federal Tax			(75,884)	75,884		(133,724)	133,724
22	Net Income after Tax			\$ 161,640			\$ 259,586	
23	Total Tax				\$ 97,949			\$ 170,261
24	Revenue required to provide tax:							
25	conventional calculation is to use highest rate							
26	Total	100.00%						
27	NHBPT	8.50%						
28	Sub total	91.50%						
29	FIT	34.00%						
30	Net tax rate	35.69%						
31	Tax factor to convert to revenue							
32	Total	100.00%						
33	Less - NHBPT	-8.50%						
34	Less - FIT	-34.00%						
35	Tax Factor	57.50%						

**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

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**Data Request Received: 2/15/13**  
**Staff 1-6**

**Date of Response: 2/22/13**  
**Witness: Stephen P. St. Cyr**

**Request:**

- a) Has the Company contacted the Internal Revenue Service to discuss payment of its 2012 taxes?
- b) If so, please describe the substance of those discussions or communications.
- c) If so, please state the date on which those discussions took place and provide copies of any and all correspondence, emails, notes, or other documentation of the substance of those discussions.

**Response:** No.

**DW 13-041**  
**LAKES REGION WATER COMPANY, INC.**  
**REQUEST FOR EMERGENCY RATE INCREASE**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1**

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**Data Request Received: 2/15/13**  
**Staff 1-7**

**Date of Response: 2/22/13**  
**Witness: Stephen P. St. Cyr**

**Request:**

- a) Has the Company contacted the New Hampshire Department of Revenue Administration to discuss payment of its 2012 taxes?
- b) If so, please describe the substance of those discussions or communications.
- c) If so, please state the date on which those discussions took place and provide copies of any and all correspondence, emails, notes, or other documentation of the substance of those discussions.

**Responses: No.**