Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

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

▶ See separate instructions.

OMB No. 1545-0130

2010

For calendar year 2010 or tax year beginning , 2010, ending , 20

A S election effective date: 09-01-1972

B Business activity code number (see instructions): 221300

C Check if Sch. M-3 attached ☐

Use IRS label. Otherwise, print or type.

Name: BASIN WATER SOURCES, INC.

Number, street, and room or suite no. If a P.O. box, see instructions.: P.O. BOX 490

City or town, state, and ZIP code: MOSES LAKE WA 98837

D Employer identification number: 91-0729028

E Date incorporated: 09-12-1960

F Total assets (see instructions): $ 8,959

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

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

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ 2

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

Income	1a	Gross receipts or sales 107,521 b Less returns and allowances c Bal ▶	1c 107,521
	2	Cost of goods sold (Schedule A, line 8)	2
	3	Gross profit. Subtract line 2 from line 1c	3 107,521
	4	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	4
	5	Other income (loss) (see instructions - attach statement) STATEMENT # 1	5 50
	6	**Total income (loss).** Add lines 3 through 5 ▶	6 107,571
Deductions (see instructions for limitations)	7	Compensation of officers	7 17,708
	8	Salaries and wages (less employment credits)	8 45,786
	9	Repairs and maintenance	9 9,737
	10	Bad debts	10
	11	Rents	11 1,725
	12	Taxes and licenses ATT_STL	12 14,045
	13	Interest	13 3,787
	14	Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)	14 240
	15	Depletion (**Do not deduct oil and gas depletion.**)	15
	16	Advertising	16
	17	Pension, profit-sharing, etc., plans	17
	18	Employee benefit programs	18
	19	Other deductions (attach statement) STATEMENT # 2	19 26,337
	20	**Total deductions.** Add lines 7 through 19 ▶	20 119,365
	21	**Ordinary business income (loss).** Subtract line 20 from line 6	21 (11,794)
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions) 22a	
	b	Tax from Schedule D (Form 1120S) 22b	
	c	Add lines 22a and 22b (see instructions for additional taxes)	22c
	23a	2010 estimated tax payments and 2009 overpayment credited to 2010 23a	
	b	Tax deposited with Form 7004 23b	
	c	Credit for federal tax paid on fuels (attach Form 4136) 23c	
	d	Add lines 23a through 23c	23d
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐	24
	25	**Amount owed.** If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25
	26	**Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26
	27	Enter amount from line 26 **Credited to 2011 estimated tax** ▶ **Refunded** ▶	27

Sign Here

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

COPY

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

▶ Signature of officer Date ▶ Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
STROUD W KUNKLE CPA		01-24-2011		P01204165

Firm's name ▶ Sutter Kunkle & Thompson PS — Firm's EIN ▶ 91-0926935

Firm's address ▶ 112 E Broadway Ave/PO Box 490, Moses Lake WA 98837 — Phone no. (509)765-4501

For Paperwork Reduction Act Notice, see separate instructions.

EEA

Form 1120S (2010)

Schedule A Cost of Goods Sold (see instructions)

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

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

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

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

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

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

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

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☒ Cash b ☐ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the: a Business activity ▶ UTILITY b Product or service ▶ WATER		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a qualified subchapter S subsidiary election made?		X
4	Has this corporation filed, or is it required to file **Form 8918**, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
5	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.		
6	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions ▶ $		
7	Enter the accumulated earnings and profits of the corporation at the end of the tax year. $		
8	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than $250,000? If "Yes," the corporation is not required to complete Schedules L and M-1	X	
9	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X

Schedule K Shareholders' Pro Rata Share Items

				Total amount
Income (Loss)	1	Ordinary business income (loss) (page 1, line 21)	1	(11,794)
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss) 3a		
	b	Expenses from other rental activities (attach statement) 3b		
	c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Interest income	4	
	5	Dividends: a Ordinary dividends	5a	
		b Qualified dividends 5b		
	6	Royalties	6	
	7	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
	8a	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b	Collectibles (28%) gain (loss) 8b		
	c	Unrecaptured section 1250 gain (attach statement) 8c		
	9	Net section 1231 gain (loss) (attach Form 4797)	9	
	10	Other income (loss) (see instructions) Type ▶	10	

		Shareholders' Pro Rata Share Items (continued)		Total amount
Deductions	11	Section 179 deduction (attach Form 4562)	11	
	12a	Contributions	12a	
	b	Investment interest expense	12b	
	c	Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
	d	Other deductions (see instructions) . . . . Type ▶	12d	
Credits	13a	Low-income housing credit (section 42(j)(5))	13a	
	b	Low-income housing credit (other)	13b	
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d	Other rental real estate credits (see instructions) . . . Type ▶	13d	
	e	Other rental credits (see instructions) . . . . . Type ▶	13e	
	f	Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g	Other credits (see instructions) . . . . . Type ▶	13g	
Foreign Trans-actions	14a	Name of country or U.S. possession ▶		
	b	Gross income from all sources	14b	
	c	Gross income sourced at shareholder level	14c	
		Foreign gross income sourced at corporate level		
	d	Passive category	14d	
	e	General category	14e	
	f	Other (attach statement)	14f	
		Deductions allocated and apportioned at shareholder level		
	g	Interest expense	14g	
	h	Other	14h	
		Deductions allocated and apportioned at corporate level to foreign source income		
	i	Passive category	14i	
	j	General category	14j	
	k	Other (attach statement)	14k	
		Other information		
	l	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	14l	
	m	Reduction in taxes available for credit (attach statement)	14m	
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	
	b	Adjusted gain or loss	15b	
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties-gross income	15d	
	e	Oil, gas, and geothermal properties-deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	108
	d	Distributions (attach statement if required) (see instructions)	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Recon-ciliation	18	**Income/loss reconciliation.** Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	(11,794)

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash		4,373		3,751
2 a	Trade notes and accounts receivable				
b	Less allowance for bad debts	( )		( )	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10 a	Buildings and other depreciable assets	99,993		99,993	
b	Less accumulated depreciation	(99,478)	515	(99,718)	275
11 a	Depletable assets				
b	Less accumulated depletion	( )		( )	
12	Land (net of any amortization)		600		600
13 a	Intangible assets (amortizable only)	15,000		15,000	
b	Less accumulated amortization	(9,667)	5,333	(10,667)	4,333
14	Other assets (attach statement)				
15	Total assets		10,821		8,959
	Liabilities and Shareholders' Equity				
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)	STATEMENT # 22	2,319		1,073
19	Loans from shareholders		69,347		80,633
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock		302		302
23	Additional paid-in capital		977		977
24	Retained earnings		(62,124)		(74,026)
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock		( )		( )
27	Total liabilities and shareholders' equity		10,821		8,959

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

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

1	Net income (loss) per books	(11,902)	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize): a Tax-exempt interest $	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):				
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize): a Depreciation $ b Travel and entertainment $ 108	108	6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize): a Depreciation $	
			7	Add lines 5 and 6	
4	Add lines 1 through 3	(11,794)	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	(11,794)

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

		(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	(92,507)	30,383	
2	Ordinary income from page 1, line 21			
3	Other additions			
4	Loss from page 1, line 21	(11,794)		
5	Other reductions STATEMENT # 30	(108)	( )	
6	Combine lines 1 through 5	(104,409)	30,383	
7	Distributions other than dividend distributions			
8	Balance at end of tax year. Subtract line 7 from line 6	(104,409)	30,383	

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Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

For calendar year 2010, or tax year beginning _____, 2010
ending _____, 20 ____

2010

☐ Final K-1 ☐ Amended K-1

OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See page 2 of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
91-0729028

B Corporation's name, address, city, state, and ZIP code
BASIN WATER SOURCES, INC.
P.O. BOX 490
MOSES LAKE WA 98837

C IRS Center where corporation filed return
OGDEN

Part II Information About the Shareholder

D Shareholder's identifying number
[redacted]

E Shareholder's name, address, city, state, and ZIP code
JOANN THROOP
[redacted]
MOSES LAKE WA 98837

F Shareholder's percentage of stock ownership for tax year 99.67000 %

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) (11,755)	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis C 108
12	Other deductions	17	Other information

For IRS Use Only

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

EEA

Schedule K-1 (Form 1120S) 2010

671110

Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

For calendar year 2010, or tax year beginning _____, 2010
ending _____, 20 ____

2010

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See page 2 of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
91-0729028

Corporation's name, address, city, state, and ZIP code
BASIN WATER SOURCES, INC.
P.O. BOX 490
MOSES LAKE WA 98837

C IRS Center where corporation filed return
OGDEN

Part II Information About the Shareholder

D Shareholder's identifying number
[redacted]

E Shareholder's name, address, city, state, and ZIP code
JEFFREY P. THROOP
[redacted]
MOSES LAKE WA 98837

F Shareholder's percentage of stock ownership for tax year 0.33000 %

For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) (39)	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis
12	Other deductions	C	
		17	Other information

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

EEA

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	Business or activity to which this form relates	Identifying number
BASIN WATER SOURCES, INC.	FORM 1120S	91-0729028

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)	1	
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	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12 ▶	13	

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

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

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
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	240
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
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs.		S/L	
h	Residential rental			27.5 yrs.	MM	S/L	
	property			27.5 yrs.	MM	S/L	
i	Nonresidential real			39 yrs.	MM	S/L	
	property				MM	S/L	

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

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

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

21	Listed property. Enter amount from line 28	21	
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	240
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

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

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

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

24a Do you have evidence to support the business/investment use claimed? 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:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
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).

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

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

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions):					
43 Amortization of costs that began before your 2010 tax year				43	1,000
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	1,000

Federal Supporting Statements	2010 PG01
Name(s) as shown on return BASIN WATER SOURCES, INC.	FEIN 91-0729028

FORM 1120S LINE 5

STATEMENT # 1

DESCRIPTION	AMOUNT
NSF RECOVERIES	50
TOTAL	50

PG01

FORM 1120S LINE 19

STATEMENT # 2

DESCRIPTION	AMOUNT
ACCOUNTING	3,437
AMORTIZATION	1,000
AUTOMOBILE AND TRUCK EXPENSE	1,297
BANK CHARGES	3
DUES AND SUBSCRIPTIONS	148
EDUCATION AND TRAINING	330
INDEPENDENT CONTRACTOR	1,200
INSURANCE	2,160
50% MEALS AND ENTERTAINMENT	108
OFFICE EXPENSE	1,494
OUTSIDE SERVICES/SUB CONTRACTORS	55
PERMITS AND FEES	870
POSTAGE/SHIPPING	1,778
TELEPHONE	1,945
UTILITIES	9,005
WATER TESTS	1,507
TOTAL	26,337

PG01

FORM 1120S, SCHEDULE L, LINE 18

STM22

OTHER CURRENT LIABILITIES

DESCRIPTION	BEG OF YEAR	END OF YEAR
BUSINESS TAXES	1,374	458
PAYROLL TAXES	945	615
TOTAL	2,319	1,073

Summary of Stock Ownership

2010

ORPORATION NAME	EIN
ASIN WATER SOURCES, INC.	91-0729028

Shareholder Information			Shares		% Ownership	
ıme	EIN/SSN	Type	Beginning	Ending	Beginning	Ending
)ANN THROOP	[redacted]		9,967	9,967		99.67000
;FFREY P. THROOP	[redacted]		33	33		0.33000
)TAL			10,000	10,000		

Name(s) as shown on return: BASIN WATER SOURCES, INC.

FEIN: 91-0729028

SCHEDULE M-2 LINE 5

STATEMENT # 30

DESCRIPTION	AMOUNT
NONDEDUCTIBLE EXPENSES	108
TOTAL	108

Taxes and Licenses Attachment

Note: This information does not transmit to the IRS with e-filed returns.
Including with a paper filed return is optional.

2010

S CORPORATION NAME: BASIN WATER SOURCES, INC.

EIN: 91-0729028

Taxes and Licenses | Form 1120S | Page 1, Line 12

1	State income taxes	1	
2	State franchise taxes	2	
3	City income taxes	3	
4	City franchise taxes	4	3,437
5	Local property taxes	5	
6	Intangible property taxes	6	
7	Payroll taxes	7	4,980
8	Less: credit from Form 8846	8	
9	Foreign taxes paid	9	
10	Occupancy taxes	10	
11	Other miscellaneous taxes	11	5,456
12	Built in gains tax allocated to ordinary income	12	
13	Licenses	13	172
14	Total to Form 1120S, Page 1, Line 12	14	14,045

Form 1120S

Schedule M-2/Retained Earnings Worksheet

(Keep for your records)

2010

Corporation Name: BASIN WATER SOURCES, INC.

EIN: 91-0729028

Analysis of Current-Year Retained Earnings

1	Beginning retained earnings per balance sheet (Schedule L, column b, lines 24 and 25)	1	(62,124)
2	Book income (loss) (Schedule M-1, line 1, or Schedule M-3, page 1, line 11)	2	(11,902)
3	Distributions (Schedule K, line 16d)	3	
4	Subtotal (combines lines 1 through 3)	4	(74,026)
5	Ending retained earnings per balance sheet (Schedule L, column d, lines 24 and 25)	5	(74,026)
6	**Difference (line 4 minus line 5) (should be zero)**	6	

Current-Year Change to Retained Earnings Compared to Current-Year Change to AAA & OAA

1	Ending retained earnings (Schedule L, column d, line 24)	1	(74,026)
2	Beginning retained earnings (Schedule L, column b, line 24)	2	(62,124)
3	Retained earnings change (line 1 minus line 2)	3	(11,902)
4	Ending AAA plus OAA	4	(74,026)
5	Beginning AAA plus OAA	5	(62,124)
6	Difference (line 4 minus line 5)	6	(11,902)

Current-Year Timing Adjustments per Schedule M-1

Subtractions from net income per books (Schedule M-1, lines 5 and 6 - not included on Schedule M-2)

7	Other income recorded on books not included on Schedule K	7	
8	Depreciation on Schedule K not included on books	8	
9	Other Schedule K items not included on books	9	
10	Total subtractions (lines 7 through 9)	10	

Additions to net income per books (Schedule M-1, lines 2 and 3 - not included on Schedule M-2, line 3)

11	Income included on Schedule K not recorded on books	11	
12	Depreciation on books not included on Schedule K	12	
13	Other items on books not included on Schedule K	13	
14	Total additions (lines 11 through 13)	14	
15	Sch M-1 timing adjustments not included on Schedule M-2, lines 2 thru 5 (subtract line 14 from line 10)	15	

Current-Year Timing Adjustments Per Schedule M-3

Permanent or temporary book-to-tax difference amounts entered on the M32, M33, 8916A, and SCH3 screens appear on line 16 and line 17 as opposite of the actual entries. For example, an entry of -100 would appear as 100.

16	Permanent differences	16	
17	Temporary differences	17	
18	Timing adjustments not included on Schedule M-2 (combine lines 16 and 17)	18	
19	Distributions reported on Schedule K, line 16d, not allowed on Schedule M-2, line 7	19	
20	Adjustments to retained earnings (Schedule L, line 25 column d minus Schedule L, line 25, column b)	20	
21	M-2 amount after M-1 timing adjustments (add lines 6, 15, 19, and 20)	21	(11,902)
22	M-2 amount after M-3 timing adjustments (add lines 6, 18, 19, and 20)	22	
23	**Net reconciliation difference (line 3 minus line 21 or 22)**	23	