

Mailed 2 Oct 1976

FISCAL YEAR

TAXPAYER'S COPY

Utah at back

Form 1120S

U.S. Small Business Corporation Income Tax Return for calendar year 1975 or

1975-76

Department of the Treasury Internal Revenue Service

other taxable year beginning September 1, 1975, ending August 31, 1976 (PLEASE TYPE OR PRINT)

A Date of election as small business corporation Sept. 3, 1972

Name H. Tracy Hall, Inc.

C Employer identification no. 87-0293951

B Business Code No. (see page 7 of instructions)

Number and street 1190 Columbia Lane

D Date incorporated August 30, 1972

8098

City or town, State, and ZIP code Provo, Utah 84601

E Enter total assets from line 14, column D, Schedule L \$ 28,403

IMPORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not sufficient, see instruction N.

Table with columns for Gross Income, Deductions, and Tax. Rows include Gross receipts, Less: Cost of goods sold, Gross profit, Dividends, Interest, Rents, Royalties, Gains and losses, Other income, Compensation of officers, Salaries and wages, Repairs, Bad debts, Rents, Taxes, Interest, Contributions, Amortization, Depreciation, Depletion, Advertising, Pension, Profit-sharing, etc. plans, Employee benefit programs, Other deductions, Total deductions, Taxable income, Income tax on capital gains, Minimum tax, Total tax, Credits, Tax due, and Overpayment.

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 the preparer has any knowledge.

The Internal Revenue Service does not require a seal on this form, but if one is used, please place it here.

1 Oct 1976 Date Signature of officer H. Tracy Hall President

Signature of individual or firm preparing the return 257 East Center Street 48-0581199 Preparer's address

Elmer Fox, Westheimer & Co. Provo, Utah 84601 Certified Public Accountants

SCHEDULE OF TAXES

Fiscal year ended August 31, 1976

Payroll taxes	\$ 165
Property taxes	48
State franchise tax	98
Use taxes	<u>412</u>
Total	<u>\$ 723</u>

SCHEDULE OF OTHER DEDUCTIONS

Freight and express	\$ 138
Insurance	320
Dues and subscriptions	305
Professional fees	625
Supplies	363
Travel expense	2,630
Automotive expense	259
Utilities	<u>719</u>
Total	<u>\$5,359</u>

SUMMARY OF DISTRIBUTIONS AND OTHER ITEMS

Fiscal year ended August 31, 1976

	Social Security number	Stock Ownership		Compensation
		Number of shares	Period held From To	
H. Tracy Hall 1711 North Lambert Lane Provo, Utah 84601	529-07-9801	6,750	9/1/74 Present	\$NONE
Ida Rose Hall 1711 North Lambert Lane Provo, Utah 84601	529-10-1716	6,000	9/1/74 Present	NONE
H. Tracy & Elizabeth H. Hall, Jr. 786 East Meadow Drive Palo Alto, California 94303	528-66-3544	1,750	9/1/74 Present	NONE
Daniel & Sherlene Bartholomew 80 Greenridge Avenue White Plains, NY 10605	529-56-9730	1,750	9/1/74 Present	NONE
David R. & Karen V. Hall 4235 Province Line Road Princeton, NY 08540	528-66-4787	1,750	9/1/74 Present	NONE
J. Martin & Elizabeth H. Neil 1319 Poppy Way San Jose, California 95129	529-66-7245	1,750	9/1/74 Present	NONE
Virginia Hall 1711 North Lambert Lane Provo, Utah 84601	528-78-8080	1,750	9/1/74 Present	NONE
Charlotte Hall 1711 North Lambert Lane Provo, Utah 84601	528-80-8152	1,750	9/1/74 Present	NONE
Nancy Hall 1711 North Lambert Lane Provo, Utah 84601	529-94-9795	1,750	9/1/74 Present	NONE
Totals		<u>25,000</u>		<u>\$NONE</u>

AMORTIZATION OF ORGANIZATION EXPENSES

Fiscal year ended August 31, 1976

An election has been made under the provisions of Sec. 248 of the Internal Revenue Code of 1954 to amortize organization expenses ratably over a 60-month period beginning October 1, 1972:

Total organization expenses	\$325
Prior years' amortization	<u>190</u>
Unamortized balance August 31, 1975	135
Amortization for the year ended August 31, 1976	<u>65</u>
Unamortized balance August 31, 1976	<u>\$ 70</u>

**SCHEDULE K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1975**

For calendar year 1975 or other taxable year
beginning **September 1**, 1975, ending **August 31**, 1976.

Copy C
For Corporate
Records

Part I Income	(a) Amount	(b) Form 1040 filers enter col. (a) amount as indicated below. Form 1041 filers enter col. (a) amount in corresponding line of that form.
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1 Undistributed taxable income—ordinary income or (loss)	(1,123)	Sch. E, Part III
2 Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II

Part II Interest on Investment Indebtedness

1 Interest expense on investment indebtedness		Form 4952 line reference
2 Net investment income or (loss)		Line 3, col. b
3 Excess expenses over rental income attributable to net lease property		Line 11, col. a
4 Excess net long-term capital gains over net short-term capital losses attributable to investment property		Line 11, col. b
		Line 11, col. c

Part III Items of Tax Preference

1 Accelerated depreciation on:		Form 4625 line reference
(a) Low-income rental housing		Line 1(a)(1)
(b) Other real property		Line 1(a)(2)
(c) Personal property subject to a net lease		Line 1(b)
2 Amortization of:		Line 1(c)
(a) Certified pollution control facilities		Line 1(d)
(b) Railroad rolling stock		Line 1(e)
(c) On-the-job training facilities		Line 1(f)
(d) Child care facilities		Line 1(h)
3 Reserves for losses on bad debts of financial institutions		Line 1(i)
4 Excess percentage depletion		
5 Net long-term capital gain (after tax)		

Part IV Property Eligible for Investment Credit

Property Qualified for Investment Credit		Qualified before January 22, 1975	Qualified after January 21, 1975	Form 3468 line reference
Basis of new investment property	(a) 3 or more but less than 5 years			line 1(a) or 4(a)
	(b) 5 or more but less than 7 years			line 1(b) or 4(b)
	(c) 7 or more years		650	line 1(c) or 4(c)
Qualified progress expenditures	1974 (d) 7 or more years			line 4(d)
	1975 (e) 7 or more years			line 4(e)
Cost of used investment property	(f) 3 or more but less than 5 years			line 1(d) or 4(f)
	(g) 5 or more but less than 7 years			line 1(e) or 4(g)
	(h) 7 or more years			line 1(f) or 4(h)

Part V Property Used in Recomputing a Prior Year Investment Credit

(1) Description of property (Indicate whether new or used)					(2) Date placed in service	(3) Cost or basis	Column numbers and headings correspond to those on Form 4255
A							
B							
C							
(4) Estimated useful life	(5) Applica- ble per- centage	(6) Original qualified investment (Col. 3 x col. 5)	(8) Date item ceased to be in- vestment credit property	(9) Actual useful life	(10) Applicable percentage	(11) Qualified investment (Col. 3 x col. 10)	

Shareholder's name, identifying number, and address (including ZIP code)	Corporation's name, identifying number, and address (including ZIP code)
H. Tracy Hall 1711 North Lambert Lane Provo, Utah 84601 529-07-9801	H. Tracy Hall, Incorporated 1190 Columbia Lane Provo, Utah 84601 87-0293951

Instructions for Corporation

Copy A—Must be attached to Form 1120S.

Copy B—May (but is not required to) be given to each shareholder.

Copy C—May be retained for your records.

Complete a separate Schedule K-1 (Form 1120S) for each person who was a shareholder during the taxable year. Additional instructions for completing Schedule K-1 are on page 5 of the Instructions on Form 1120S.

Schedule K-1 (Form 1120S) must show complete information for all per-

sons who were shareholders of the corporation during any part of the taxable year. Under the tax treatment provided by Subchapter S, shareholders generally are taxed on their distributive shares of the current taxable income of the corporation, whether or not actually distributed. In addition to this undistributed taxable income, Schedule K-1 also includes each shareholder's pro rata share of items of tax preference, items used to compute the limitation on the deduction for investment interest expense, property eligible for investment credit, and property used in recomputing

a prior year investment credit. See instructions on Form 4255 for exceptions and limitations on the recapture of investment credit.

Report actual dividend distributions aggregating \$10 or more to a shareholder during the calendar year on Form 1099-DIV.

If a prior actual distribution reported to shareholders as ordinary income on Form 1099-DIV is determined to be capital gain at the close of the corporation's taxable year, the corporation must issue amended Forms 1099-DIV to the shareholders.

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SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1975**

For calendar year 1975 or other taxable year
beginning September 1, 1975, ending August 31, 1976

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Records

	(a) Amount		
Part I Income			
1 Undistributed taxable income—ordinary income or (loss)	(291)	Sch. E, Part III	
2 Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II	
Part II Interest on Investment Indebtedness			
1 Interest expense on investment indebtedness		Form 4952 line reference	
2 Net investment income or (loss)		Line 3, col. b	
3 Excess expenses over rental income attributable to net lease property		Line 11, col. a	
4 Excess net long-term capital gains over net short-term capital losses attributable to investment property		Line 11, col. b	
Part III Items of Tax Preference			
1 Accelerated depreciation on:			
(a) Low-income rental housing		Line 1(a)(1)	
(b) Other real property		Line 1(a)(2)	
(c) Personal property subject to a net lease		Line 1(b)	
2 Amortization of:			
(a) Certified pollution control facilities		Line 1(c)	
(b) Railroad rolling stock		Line 1(d)	
(c) On-the-job training facilities		Line 1(e)	
(d) Child care facilities		Line 1(f)	
3 Reserves for losses on bad debts of financial institutions		Line 1(h)	
4 Excess percentage depletion		Line 1(i)	
5 Net long-term capital gain (after tax)			
Part IV Property Eligible for Investment Credit			
Form 3468 line reference			
Property Qualified for Investment Credit		Qualified before January 22, 1975	
Basis of new investment property	(a) 3 or more but less than 5 years		
	(b) 5 or more but less than 7 years		
	(c) 7 or more years	167	
Qualified progress expenditures	1974 (d) 7 or more years		
	1975 (e) 7 or more years		
Cost of used investment property	(f) 3 or more but less than 5 years		
	(g) 5 or more but less than 7 years		
	(h) 7 or more years		
Part V Property Used in Recomputing a Prior Year Investment Credit			
(1) Description of property (Indicate whether new or used)		(2) Date placed in service	(3) Cost or basis
A			
B			
C			
(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (Col. 3 x col. 5)	(8) Date item ceased to be investment credit property
			(9) Actual useful life
			(10) Applicable percentage
			(11) Qualified investment (Col. 3 x col. 10)

Shareholder's name, identifying number, and address (including ZIP code)

Daniel and Sherlene Bartholomew
80 Greenridge Avenue
White Plains, NY 10605

Corporation's name, identifying number, and address (including ZIP code)

87-0293951

H. Tracy Hall, Incorporated
1190 Columbia Lane
Provo, Utah 84601

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1975**

For calendar year 1975 or other taxable year
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1 Undistributed taxable income—ordinary income or (loss)		(291)	Sch. E, Part III
2 Undistributed taxable income—long-term capital gain after tax			Sch. D, Part II
Part II Interest on Investment Indebtedness			Form 4952 line reference
1 Interest expense on investment indebtedness			Line 3, col. b
2 Net investment income or (loss)			Line 11, col. a
3 Excess expenses over rental income attributable to net lease property			Line 11, col. b
4 Excess net long-term capital gains over net short-term capital losses attributable to investment property			Line 11, col. c
Part III Items of Tax Preference			Form 4625 line reference
1 Accelerated depreciation on:			
(a) Low-income rental housing			Line 1(a)(1)
(b) Other real property			Line 1(a)(2)
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(a) Certified pollution control facilities			Line 1(c)
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Qualified progress expenditures	1974 (d) 7 or more years		
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Cost of used investment property	(f) 3 or more but less than 5 years		
	(g) 5 or more but less than 7 years		
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Part V Property Used in Recomputing a Prior Year Investment Credit			Column numbers and headings correspond to those on Form 4255
(1) Description of property (Indicate whether new or used)		(2) Date placed in service	(3) Cost or basis
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B			
C			
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			(9) Actual useful life
			(10) Applicable percentage
			(11) Qualified investment (Col. 3 x col. 10)

Shareholder's name, identifying number, and address (including ZIP code)
528-66-3544
H. Tracy, Jr. and Elizabeth H. Hall
 786 East Meadow Drive
 Palo Alto, California 94303

Corporation's name, identifying number, and address (including ZIP code)
87-0293951
H. Tracy Hall, Incorporated
 1190 Columbia Lane
 Provo, Utah 84601

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
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Part III Items of Tax Preference			
1 Accelerated depreciation on:			Line 11, col. c
(a) Low-income rental housing			Form 4625 line reference
(b) Other real property			Line 1(a)(1)
(c) Personal property subject to a net lease			Line 1(a)(2)
2 Amortization of:			Line 1(b)
(a) Certified pollution control facilities			Line 1(c)
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Shareholder's name, identifying number, and address (including ZIP code)
528-66-4787

David R. and Karen V. Hall
4235 Province Line Road
Princeton, NJ 08540

Corporation's name, identifying number, and address (including ZIP code)
87-0293951

H. Tracy Hall, Incorporated
1190 Columbia Lane
Provo, Utah 84601

SCHEDULE K-1
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Department of the Treasury
Internal Revenue Service

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Shareholder's name, identifying number, and address (including ZIP code)
529-66-7245
J. Martin and Elizabeth H. Neil
1319 Poppy Way
San Jose, California 95129

Corporation's name, identifying number, and address (including ZIP code)
87-0293951
H. Tracy Hall, Incorporated
1190 Columbia Lane
Provo, Utah 84601

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	(h) 7 or more years			line 1(f) or 4(h)

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Shareholder's name, identifying number, and address (including ZIP code)

528-78-8080

Virginia Hall
1711 North Lambert Lane
Provo, Utah 84601

Corporation's name, identifying number, and address (including ZIP code)

87-0293951

H. Tracy Hall, Incorporated
1190 Columbia Lane
Provo, Utah 84601

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a prior year investment credit. See instructions on Form 4255 for exceptions and limitations on the recapture of investment credit.

Report actual dividend distributions aggregating \$10 or more to a shareholder during the calendar year on Form 1099-DIV.

If a prior actual distribution reported to shareholders as ordinary income on Form 1099-DIV is determined to be capital gain at the close of the corporation's taxable year, the corporation must issue amended Forms 1099-DIV to the shareholders.

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1975**

For calendar year 1975 or other taxable year
beginning September 1, 1975, ending August 31, 1976

Copy C
For Corporate
Records

Part I Income		(a) Amount	(b) Form 1040 filers enter col. (a) amount as indicated below. Form 1041 filers enter col. (a) amount in corresponding line of that form.
1 Undistributed taxable income—ordinary income or (loss)		(291)	Sch. E, Part III
2 Undistributed taxable income—long-term capital gain after tax			Sch. D, Part II
Part II Interest on Investment Indebtedness			Form 4952 line reference
1 Interest expense on investment indebtedness			Line 3, col. b
2 Net investment income or (loss)			Line 11, col. a
3 Excess expenses over rental income attributable to net lease property			Line 11, col. b
4 Excess net long-term capital gains over net short-term capital losses attributable to investment property			Line 11, col. c

Part III Items of Tax Preference			Form 4625 line reference
1 Accelerated depreciation on:			
(a) Low-income rental housing			Line 1(a)(1)
(b) Other real property			Line 1(a)(2)
(c) Personal property subject to a net lease			Line 1(b)
2 Amortization of:			
(a) Certified pollution control facilities			Line 1(c)
(b) Railroad rolling stock			Line 1(d)
(c) On-the-job training facilities			Line 1(e)
(d) Child care facilities			Line 1(f)
3 Reserves for losses on bad debts of financial institutions			Line 1(h)
4 Excess percentage depletion			Line 1(i)
5 Net long-term capital gain (after tax)			

Part IV Property Eligible for Investment Credit			Form 3468 line reference
Property Qualified for Investment Credit		Qualified before January 22, 1975	Qualified after January 21, 1975
Basis of new investment property	(a) 3 or more but less than 5 years		
	(b) 5 or more but less than 7 years		
	(c) 7 or more years		167
Qualified progress expenditures	1974 (d) 7 or more years		
	1975 (e) 7 or more years		
Cost of used investment property	(f) 3 or more but less than 5 years		
	(g) 5 or more but less than 7 years		
	(h) 7 or more years		

Part V Property Used in Recomputing a Prior Year Investment Credit							Column numbers and headings correspond to those on Form 4255
(1) Description of property (Indicate whether new or used)				(2) Date placed in service	(3) Cost or basis		
A							
B							
C							
(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (Col. 3 x col. 5)	(8) Date item ceased to be investment credit property	(9) Actual useful life	(10) Applicable percentage	(11) Qualified investment (Col. 3 x col. 10)	

Shareholder's name, identifying number, and address (including ZIP code)

Charlotte Hall
1711 North Lambert Lane
Provo, Utah 84601

Corporation's name, identifying number, and address (including ZIP code)

H. Tracy Hall, Incorporated
1190 Columbia Lane
Provo, Utah 84601

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1975**

For calendar year 1975 or other taxable year
beginning September 1, 1975, ending August 31, 1976

Copy C
For Corporate
Records

	(a) Amount	
Part I Income		
1 Undistributed taxable income—ordinary income or (loss)	(291)	Sch. E, Part III
2 Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II
Part II Interest on Investment Indebtedness		
Form 4952 line reference		
1 Interest expense on investment indebtedness		Line 3, col. b
2 Net investment income or (loss)		Line 11, col. a
3 Excess expenses over rental income attributable to net lease property		Line 11, col. b
4 Excess net long-term capital gains over net short-term capital losses attributable to investment property		Line 11, col. c
Part III Items of Tax Preference		
Form 4625 line reference		
1 Accelerated depreciation on:		
(a) Low-income rental housing		Line 1(a)(1)
(b) Other real property		Line 1(a)(2)
(c) Personal property subject to a net lease		Line 1(b)
2 Amortization of:		
(a) Certified pollution control facilities		Line 1(c)
(b) Railroad rolling stock		Line 1(d)
(c) On-the-job training facilities		Line 1(e)
(d) Child care facilities		Line 1(f)
3 Reserves for losses on bad debts of financial institutions		Line 1(h)
4 Excess percentage depletion		Line 1(i)
5 Net long-term capital gain (after tax)		
Part IV Property Eligible for Investment Credit		
Form 3468 line reference		
Property Qualified for Investment Credit		
	Qualified before January 22, 1975	Qualified after January 21, 1975
Basis of new investment property	(a) 3 or more but less than 5 years	
	(b) 5 or more but less than 7 years	
	(c) 7 or more years	167
Qualified progress expenditures	1974 (d) 7 or more years	
	1975 (e) 7 or more years	
Cost of used investment property	(f) 3 or more but less than 5 years	
	(g) 5 or more but less than 7 years	
	(h) 7 or more years	
Part V Property Used in Recomputing a Prior Year Investment Credit		
Column numbers and headings correspond to those on Form 4255		
(1) Description of property (Indicate whether new or used)		(2) Date placed in service
		(3) Cost or basis
A		
B		
C		
(4) Estimated useful life	(5) Applicable percentage	(6) Original qualified investment (Col. 3 x col. 5)
		(8) Date item ceased to be investment credit property
		(9) Actual useful life
		(10) Applicable percentage
		(11) Qualified investment (Col. 3 x col. 10)
Shareholder's name, identifying number, and address (including ZIP code)		Corporation's name, identifying number, and address (including ZIP code)
<p style="text-align:center;">529-94-9795</p> <p>Nancy Hall 1711 North Lambert Lane Provo, Utah 34601</p>		<p style="text-align:center;">87-0293951</p> <p>H. Tracy Hall, Incorporated 1190 Columbia Lane Provo, Utah 84601</p>

Schedule K Computation of Undistributed Taxable Income and Summary of Distributions and Other Items

Computation of Corporation's Undistributed Taxable Income

1 Taxable income (line 28, page 1)	(4,158)
2 Less: (a) Money distributed as dividends out of earnings and profits of the taxable year	
(b) Tax imposed on certain capital gains (line 31, page 1)	
3 Corporation's undistributed taxable income	(4,158)

Summary of Distributions and Other Items (attach additional sheets if necessary)

1. Name and address of each shareholder	2. Social security number	3. Stock ownership		4. Compensation	5. Percentage of time devoted to business
		Number of shares	Period held From To		
A					
B					
C					

Schedule Attached

4 Actual dividend distributions taxable as ordinary income (Do not include amounts shown on line 6)	
5 Actual dividend distributions taxable as long-term capital gains (after tax)	
6 Actual dividend distributions taxable as ordinary income and qualifying for dividend exclusion	
7 Nondividend distributions	
8 Undistributed taxable income—taxable as ordinary income or (loss)	(4,158)
9 Undistributed taxable income—taxable as long-term capital gain (after tax)	

10 Investment credit property		Qualified before January 22, 1975	Qualified after January 21, 1975
Property Qualified for Investment Credit			
Basis of new investment property	(a) 3 or more but less than 5 years		
	(b) 5 or more but less than 7 years		
	(c) 7 or more years		2,393
Qualified progress expenditures	1974 (d) 7 or more years		
	1975 (e) 7 or more years		
Cost of used investment property	(f) 3 or more but less than 5 years		
	(g) 5 or more but less than 7 years		
	(h) 7 or more years		

11 Interest on investment indebtedness: (a) Investment interest expense	
(b) Net investment income or (loss)	
(c) Excess expenses over rental income attributable to net lease property	
(d) Excess of net long-term capital gains over net short-term capital losses attributable to investment property	

12 Items of tax preference: (a) Accelerated depreciation on: (1) Low-income rental housing	
(2) Other real property	
(3) Personal property subject to a net lease	
(b) Amortization of: (1) Certified pollution control facilities	
(2) Railroad rolling stock	
(3) On-the-job training facilities	
(4) Child care facilities	
(c) Reserves for losses on bad debts of financial institutions	
(d) Excess percentage depletion	
(e) Net long-term capital gain (after tax)	

Additional Information Required	F Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation?		(2) Living accommodations (except for employees on business)?		Yes	No
		Yes	No			
		X				X
	(For rules of attribution, see section 267(c).) If the answer is "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		(3) Employees' families at conventions or meetings?			X
	G Taxable income or (loss) from line 28, page 1, Form 1120S for your taxable year beginning in: 1972 (10,842); 1973 59,000; 1974 20,587		(4) Employee or family vacations not reported on Form W-2?			X
	H Refer to page 7 of instructions and state the principal: Business activity <u>Research & engineering</u> Product or service		K Did you file all required Forms 1087, 1096, and 1099?		X	
	I Were you a member of a controlled group subject to the provisions of section 1561?		L Answer only if (1) this is the first 1120S return filed since your election to be treated as a small business corporation and (2) the corporation was in existence for the taxable year prior to the election and had investment credit property: Was an agreement filed under section 1.47-4(b) of the regulations?			
	Yes	No				
		X				
	J Did you claim a deduction for expenses connected with: (1) Entertainment facility (boat, resort, ranch, etc.)?					X
		X				

Schedule K-1 Shareholder's Share of Undistributed Taxable Income, etc. (Complete a separate Schedule K-1 (Form 1120S) for each shareholder. See page 5 of instructions, and also back of Copy C, Schedule K-1 (Form 1120S))

Schedule L Balance Sheets

ASSETS	Beginning of Taxable year		End of Taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash		24,800		6,644
2 Trade notes and accounts receivable				
(a) Less allowances for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets	30,108		32,501	
(a) Less accumulated depreciation	6,727	23,381	10,812	21,689
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)	325		325	
(a) Less accumulated amortization	190	135	255	70
13 Other assets (attach schedule)				
14 Total assets		48,316		28,403
LIABILITIES AND SHAREHOLDERS' EQUITY				
15 Accounts payable		20,587		
16 Mtges, notes, bonds payable in less than 1 year				5,000
17 Other current liabilities (attach schedule)		168		
18 Loans from shareholders		11,426		11,426
19 Mtges, notes, bonds payable in 1 year or more		2,500		2,500
20 Other liabilities (attach schedule)				
21 Capital stock		25,000		25,000
22 Paid-in or capital surplus				
23 Retained earnings—appropriated (attach schedule)				
24 Retained earnings—unappropriated		(523)		(523)
25 Shareholders' undistributed taxable income previously taxed		(10,842)		(15,000)
26 Less cost of treasury stock		()		()
27 Total liabilities and shareholders' equity		48,316		28,403

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

1 Net income per books	(4,158)	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		(a) Tax-exempt interest \$	
3 Excess of capital losses over capital gains		8 Deductions in this tax return not charged against book income this year (itemize)	
4 Taxable income not recorded on books this year (itemize)		9 Total of lines 7 and 8	
5 Expenses recorded on books this year not deducted in this return (itemize)		10 Income (line 28, page 1)—line 6 less line 9	(4,158)
6 Total of lines 1 through 5	(4,158)		

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year	(523)	5 Distributions out of current or accumulated earnings and profits: (a) Cash	
2 Net income per books	(4,158)	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9, Schedule K)	(4,158)
		7 Other decreases (itemize)	
		8 Total of lines 5, 6, and 7	(4,158)
4 Total of lines 1, 2, and 3	(4,681)	9 Balance at end of year (line 4 less line 8)	(523)

Form TC-20S

**UTAH SMALL BUSINESS
CORPORATION FRANCHISE TAX RETURN**

1975

Completed Return is to be filed with or mailed to
**STATE TAX COMMISSION
OF UTAH**

State Office Building
Salt Lake City, Utah 84134

For Calendar Year 1975
or other taxable year beginning 9/1, 1975, ending 8/31, 1976

Federal Identification Number

87-0293951

Utah Sec. of State Number

57676

Returns made on the basis of the calendar year 1975 shall be filed with the State Tax Commission, State Office Bldg., Salt Lake City, Utah 84134, on or before April 15, 1976. Returns made on the basis of a fiscal year shall be filed on or before the fifteenth day of the fourth month following the close of the fiscal year.

H. Tracy Hall, Incorporated
P. O. Box 7533 University Station
Provo, Utah 84601

(If name, address and zip code are incorrectly printed in above space, please correct)

SUPPLEMENTAL INFORMATION (To be supplied by all corporations)

A. Distributions to shareholders out of earnings accumulated prior to January 1, 1973, \$ NONE.

past examinations still pending? NONE.

B. What is the latest year or years for which a Federal Examination has been completed? NONE. Attach a summary of the Federal adjustments and the adjusted Federal tax liability for each year for which Federal audit adjustments have not already been reported to the Tax Commission, and indicate date of final determination.

(2) With respect to what year or years have extensions for period of proposing additional assessments of Federal tax been agreed to with the Internal Revenue Service? NONE. Attach schedule giving complete details.

C. (1) With respect to what year or years are Federal examinations now in progress, or final determinations of

Note: Automatic extension of statute of limitations is provided by Section 59-13-40 of the Utah Code for failure to report fully the information required by Questions (B) and (C).

NOTE: A copy of the Federal return (1120S) and supporting schedules must be attached to this return.

1. Taxable income from page 1 of federal form 1120S	\$ (4,158)												
2. Deduct: Income subject to federal tax, from schedule J form 1120S													
3. Line 1 less line 2	\$ (4,158)												
4. Percentage of ownership represented by: (See instruction 5)													
<table border="1"> <thead> <tr> <th></th> <th align="center">number</th> <th align="center">percent</th> </tr> </thead> <tbody> <tr> <td>(a) Resident shares</td> <td align="center">18,000</td> <td align="center">72</td> </tr> <tr> <td>(b) Non-resident shares</td> <td align="center">7,000</td> <td align="center">28</td> </tr> <tr> <td>Total - equals 100%</td> <td align="center">25,000</td> <td align="center">100</td> </tr> </tbody> </table>		number	percent	(a) Resident shares	18,000	72	(b) Non-resident shares	7,000	28	Total - equals 100%	25,000	100	
	number	percent											
(a) Resident shares	18,000	72											
(b) Non-resident shares	7,000	28											
Total - equals 100%	25,000	100											
5. Line 3 multiplied by percent in line 4(a)	2,994												
6. Line 3 less line 5	\$ (1,164)												
7. Amount on line 2													
8. Net Income (line 6 plus line 7)	\$ (1,164)												
<i>(If corporation is taxable in another state, refer to schedule N, page 2)</i>													
9. Income allocated to Utah, from line 11, Schedule N, Page 2, (Applicable only if corporation is taxable in another state)													
10. Net income subject to Utah franchise tax from line 8 or 9, whichever is applicable	\$ (1,164)												
TAX	11. Tax: 6% of line 10. (No minimum tax applies)	\$											
	Penalty	\$											
	Interest	\$											
	TOTAL	\$ NONE											

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. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

Date	Signature of officer	President Title
Date	Individual or firm signature of preparer Elmer Fox, Westheimer & Co. Certified Public Accountants	257 East Center Street, Provo, Utah 84601 Address

SCHEDULE N – ALLOCATION OF INCOME (To be used only if taxable in another state)

DESCRIPTION	<i>In Utah (a)</i>	<i>Everywhere (b)</i>	<i>Fraction (a) ÷ (b)</i>
1. Total tangible property _____	\$	\$	
2. Total expenditures for wages, salaries, commissions or other compensation _____	\$	\$	
3. Receipts and sales _____	\$	\$	
4. Total of fractions 1, 2 and 3 _____			
5. Apportionment fraction (line 4 divided by three) _____			
6. Net income (line 8, page 1) _____			\$
7. Less: Non-business income allocated: (attach schedule)			
(a) To Utah \$ _____ X percent at line 4(b) page 1 _____ =	\$		
(b) Outside Utah \$ _____ X percent at line 4(b) page 1 _____ =	\$		
Total _____			\$
8. Remainder of net income subject to apportionment (line 6 less line 7) _____			\$
9. Portion of remainder allocated to Utah (line 8 X line 5) _____			\$
10. Add: Non-business income allocated to Utah (line 7(a) above) _____			\$
11. Net income subject to Utah franchise tax (enter at line 9, page 1) _____			\$

Non-Business Income. Attach schedule showing gross amounts, related expenses and net amounts of each item. Also explain the nature and source of each item being specifically allocated.

Business and Nonbusiness Income Defined. Section 59-13-78. (a) defines "business income" as "income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations." In essence, all income which arises from the conduct of trade or business operations of a taxpayer is business income. For purposes of administration of the Uniform Division of Income for Tax Purposes Act, the income of the taxpayer is business income unless clearly classifiable as nonbusiness income.

GENERAL INSTRUCTIONS FORM TC-20S

Note: A Copy of the Federal Return and Supporting Schedules Must Be Attached to This Return.

1. Who Must File. Every small business corporation (as defined at Section 1371(a) of the Internal Revenue Code) which has filed a proper and timely election under Section 1372(a) shall file form TC-20S so long as the federal election remains in effect.

2. Time and Place for Filing. The return must be filed with the Tax Commission on or before the fifteenth day of April following the close of the calendar year for which the return is filed; or if the return is for a fiscal year, on or before the fifteenth day of the fourth month following the close of such fiscal year. The Tax Commission may grant a reasonable extension of time not exceeding six months for filing a return, if application therefor is made before the date prescribed above for filing such return, whenever in its judgment good cause exists.

3. Accounting Period. The taxable year for Utah shall be the same as for Federal income tax purposes. If a small business corporation changes the federal taxable year, it must change the Utah taxable year accordingly. However, permission to change shall be requested from the Tax Commission within 30 days after the close of the new filing period.

4. Signatures and Verification. The return shall be signed by a responsible officer of the corporation, the signature of whom need not be notarized but when signed shall be deemed made under oath.

5. Income Taxed to a Small Business Corporation. Every small business corporation is subject to payment of the corporation franchise tax on any income which is subject to the federal corporation income tax, adjusted, of course, for any applicable apportionment fraction. Also, the corporation franchise tax must be paid by a small business corporation on that percentage of income (other than income subject to federal tax) that the percentage of ownership of its outstanding shares of stock owned by non-resident individuals bears to the total outstanding shares of stock as of the last day of the corporation's filing period.

6. Dividends and Other Distributions. Any dividends or other distributions out of the corporation's earnings must be identified as to distributions out of earnings accumulated prior to 1-1-73, and/or earnings accumulated after 12-31-72.

7. Net Income Assignable to Business Done in Utah. If the corporation during the taxable year was taxable in another state complete schedule N.

A corporation is taxable in another state if (1) in that state it is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax, or (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not. See Tax Commission reg. 8.