

Form 1120S
Department of the Treasury
Internal Revenue Service

U.S. Small Business Corporation
Income Tax Return for calendar year 1977 or

1977-78

other taxable year beginning September 1, 1977, ending August 31, 1978.

A Date of election as small business corporation
Sept. 3, 1972
B Business Code No. (see page 7 of instructions)
8599

Use IRS label. Otherwise, print or type.

Name
H. Tracy Hall, Inc.
Number and street
1190 Columbia Lane
City or town, State, and ZIP code
Provo, Utah 84601

C Employer identification no.
87-0293951
D Date incorporated
August 30, 1972
E Enter total assets from line 14, column (D), Schedule L (See instruction R)
\$ 29,060

IMPORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not sufficient, see instruction N.
Note: If section 465 (deductions limited to amount at-risk) applies, see instruction for line 28.

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, Salaries, Repairs, Bad debts, Rents, Taxes, Interest, Contributions, Amortization, Depreciation, Depletion, Advertising, Pension, Employee benefit programs, Other deductions, Total deductions, Taxable income, Income tax, Credits, and Tax Due/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.

Signature of officer: H. Tracy Hall, Date: 27 Oct 1978, Paid preparer's signature and identifying number: Elmer Fox, Westheimer & Co., 48-0581199, Title: President, Paid preparer's address: 1675 North 200 West, Provo, Utah 84601

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1977**

For calendar year 1977 or other taxable year
beginning September 1, 1977, ending August 31, 1978

Copy A
File with
Form 1120S

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)	(54)	Sch. E, Part III
2	Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II

Part II Losses from Section 465 Activities			
1	Shareholder's distributive share of losses from section 465 activities (see instructions)		

Part III Interest on Investment Indebtedness			Form 4952 line reference
1(a)	Interest on investment indebtedness incurred prior to December 17, 1969		line 1
(b)	Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969		line 19
(c)	Interest on investment indebtedness incurred after September 10, 1975		line 7
2	Net investment income or (loss)		line 2 or 12(a)
3	Excess expenses from "net lease property"		line 13 and 24
4	Net capital gain attributable to investment property		line 25

Part IV Items of Tax Preference (See Instructions)			Form 4625 line reference
1	Accelerated depreciation on: (a) Low income rental housing		line 1(b)(1)
	(b) Other real property		line 1(b)(2)
	(c) Personal property subject to a lease		line 1(c)
2	Amortization: (a), (b), (c), (d)		line 1(d), (e), (f) and (g)
3	Reserves for losses on bad debts of financial institutions		line 1(h)
4	Depletion		line 1(j)
5	Intangible drilling costs		line 1(l)
6	Net capital gain (after tax)		

Part V Property Eligible for Investment Credit			Form 3468 line reference
Basis of new investment property	(a) 3 or more but less than 5 years		line 1(a)
	(b) 5 or more but less than 7 years		line 1(b)
	(c) 7 or more years	41	line 1(c)
Qualified progress expenditures	1974, 1975, and 1976	(d) 7 or more years	line 1(d)
	1977	(e) 7 or more years	line 1(e)
Cost of used investment property	(f) 3 or more but less than 5 years		line 1(f)
	(g) 5 or more but less than 7 years		line 1(g)
	(h) 7 or more years		line 1(h)

Part VI 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)	

Part VII New Jobs Credit		(a) Amount	Form 5884 line reference
1	Shareholder's distributive share of new jobs credit		line 18

Part VIII Other Shareholder Information						
1. Name and address of shareholder	2. Social security number	3. Stock ownership			4. Compensation	5. Percentage of time devoted to business
		Number of shares	Period held			
			Date acquired	Date of disposition		
Nancy Hall Provo, Utah	529-94-9795	1,750	9/1/74		NONE	NONE

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

DATAFOLD FORMS, INC., M

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1977**

For calendar year 1977 or other taxable year
beginning September 1, 1977, ending August 31, 1978

Copy A
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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)						(54)	Sch. E, Part III		
2 Undistributed taxable income—long-term capital gain after tax							Sch. D, Part II		
Part II Losses from Section 465 Activities									
1 Shareholder's distributive share of losses from section 465 activities (see instructions)									
Part III Interest on Investment Indebtedness							Form 4952 line reference		
1(a) Interest on investment indebtedness incurred prior to December 17, 1969							line 1		
(b) Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969							line 19		
(c) Interest on investment indebtedness incurred after September 10, 1975							line 7		
2 Net investment income or (loss)							line 2 or 12(a)		
3 Excess expenses from "net lease property"							line 13 and 24		
4 Net capital gain attributable to investment property							line 25		
Part IV Items of Tax Preference (See Instructions)							Form 4625 line reference		
1 Accelerated depreciation on: (a) Low income rental housing							line 1(b)(1)		
(b) Other real property							line 1(b)(2)		
(c) Personal property subject to a lease							line 1(c)		
2 Amortization: (a), (b), (c), (d)							line 1(d), (e), (f) and (g)		
3 Reserves for losses on bad debts of financial institutions							line 1(h)		
4 Depletion							line 1(j)		
5 Intangible drilling costs							line 1(l)		
6 Net capital gain (after tax)									
Part V Property Eligible for Investment Credit							Form 3468 line reference		
Basis of new investment property		(a) 3 or more but less than 5 years					line 1(a)		
		(b) 5 or more but less than 7 years					line 1(b)		
		(c) 7 or more years				41	line 1(c)		
Qualified progress expenditures		1974, 1975, and 1976		(d) 7 or more years			line 1(d)		
		1977		(e) 7 or more years			line 1(e)		
Cost of used investment property		(f) 3 or more but less than 5 years					line 1(f)		
		(g) 5 or more but less than 7 years					line 1(g)		
		(h) 7 or more years					line 1(h)		
Part VI 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)			
Part VII New Jobs Credit						(a) Amount	Form 5884 line reference		
1 Shareholder's distributive share of new jobs credit							line 18		
Part VIII Other Shareholder Information									
1. Name and address of shareholder		2. Social security number		3. Stock ownership		4. Compensation		5. Percentage of time devoted to business	
				Number of shares	Period held				
Virginia Hall Provo, Utah		528-78-8080		1,750	9/1/74				
Corporation's name, identifying number, and address (including ZIP code)									
H. Tracy Hall, Inc.					87-0293951				
1190 Columbia Lane									
Provo, Utah 84601									

DATAFOLD FORMS, INC., M

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1977**

For calendar year 1977 or other taxable year
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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)	(54)	Sch. E, Part III
2 Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II

Part II Losses from Section 465 Activities

1 Shareholder's distributive share of losses from section 465 activities (see instructions)		
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Part III Interest on Investment Indebtedness

	(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(a) Interest on investment indebtedness incurred prior to December 17, 1969		line 1
(b) Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969		line 19
(c) Interest on investment indebtedness incurred after September 10, 1975		line 7
2 Net investment income or (loss)		line 2 or 12(a)
3 Excess expenses from "net lease property"		line 13 and 24
4 Net capital gain attributable to investment property		line 25

Part IV Items of Tax Preference (See Instructions)

	(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 Accelerated depreciation on: (a) Low income rental housing		Form 4952 line reference
(b) Other real property		line 1(b)(1)
(c) Personal property subject to a lease		line 1(b)(2)
2 Amortization: (a), (b), (c), (d)		line 1(c)
3 Reserves for losses on bad debts of financial institutions		line 1(d), (e), (f) and (g)
4 Depletion		line 1(h)
5 Intangible drilling costs		line 1(j)
6 Net capital gain (after tax)		line 1(l)

Part V Property Eligible for Investment Credit

	(a) 3 or more but less than 5 years	(b) 5 or more but less than 7 years	(c) 7 or more years	(d) 7 or more years	(e) 7 or more years	(f) 3 or more but less than 5 years	(g) 5 or more but less than 7 years	(h) 7 or more years	(i) Form 1040 filers enter col. (a) amount as indicated below. Form 1041 filers enter col. (a) amount in corresponding line of that form.
Basis of new investment property									Form 3468 line reference
Qualified progress expenditures	1974, 1975, and 1976	1977							line 1(a)
Cost of used investment property									line 1(b)

Part VI 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
(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)	
A							
B							
C							

Part VII New Jobs Credit

1 Shareholder's distributive share of new jobs credit	(a) Amount	Form 5884 line reference
		line 18

Part VIII Other Shareholder Information

1. Name and address of shareholder	2. Social security number	3. Stock ownership			4. Compensation	5. Percentage of time devoted to business
		Number of shares	Period held			
			Date acquired	Date of disposition		
David R. Hall Princeton, NJ	528-66-4787	1,750	9/1/74		NONE	NONE

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

H. Tracy Hall, Inc. 87-0293951
1190 Columbia Lane
Provo, Utah 84601

SCHEDULE K-1
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1 Undistributed taxable income—ordinary income or (loss)	(54)	Sch. E, Part III		
2 Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II		
Part II Losses from Section 465 Activities				
1 Shareholder's distributive share of losses from section 465 activities (see instructions)				
Part III Interest on Investment Indebtedness				
1(a) Interest on investment indebtedness incurred prior to December 17, 1969		Form 4952 line reference line 1		
(b) Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969		line 19		
(c) Interest on investment indebtedness incurred after September 10, 1975		line 7		
2 Net investment income or (loss)		line 2 or 12(a)		
3 Excess expenses from "net lease property"		line 13 and 24		
4 Net capital gain attributable to investment property		line 25		
Part IV Items of Tax Preference (See Instructions)				
1 Accelerated depreciation on: (a) Low income rental housing		Form 4625 line reference line 1(b)(1)		
(b) Other real property		line 1(b)(2)		
(c) Personal property subject to a lease		line 1(c)		
2 Amortization: (a), (b), (c), (d)		line 1(d), (e), (f) and (g)		
3 Reserves for losses on bad debts of financial institutions		line 1(h)		
4 Depletion		line 1(j)		
5 Intangible drilling costs		line 1(l)		
6 Net capital gain (after tax)				
Part V Property Eligible for Investment Credit				
Basis of new investment property	(a) 3 or more but less than 5 years	Form 3468 line reference line 1(a)		
	(b) 5 or more but less than 7 years	line 1(b)		
	(c) 7 or more years	41 line 1(c)		
Qualified progress expenditures	1974, 1975, and 1976 (d) 7 or more years	line 1(d)		
	1977 (e) 7 or more years	line 1(e)		
Cost of used investment property	(f) 3 or more but less than 5 years	line 1(f)		
	(g) 5 or more but less than 7 years	line 1(g)		
	(h) 7 or more years	line 1(h)		
Part VI 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) 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)	
Part VII New Jobs Credit			(a) Amount	Form 5884 line reference line 18
1 Shareholder's distributive share of new jobs credit				
Part VIII Other Shareholder Information				

1. Name and address of shareholder	2. Social security number	3. Stock ownership			4. Compensation	5. Percentage of time devoted to business
		Number of shares	Period held			
			Date acquired	Date of disposition		
Daniel Bartholomew White Plains, NY	529-56-9730	1,750	9/1/74		NONE	NONE
Corporation's name, identifying number, and address (including ZIP code)						
H. Tracy Hall, Inc. 1190 Columbia Lane Provo, Utah 84601						
87-0293951						

DATAFOLD FORMS, INC., H

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1977**

For calendar year 1977 or other taxable year
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2	Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II

Part II Losses from Section 465 Activities		Form 4952 line reference
1	Shareholder's distributive share of losses from section 465 activities (see instructions)	line 1

Part III Interest on Investment Indebtedness		Form 4952 line reference
1(a)	Interest on investment indebtedness incurred prior to December 17, 1969	line 19
(b)	Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969	line 7
(c)	Interest on investment indebtedness incurred after September 10, 1975	line 2 or 12(a)
2	Net investment income or (loss)	line 13 and 24
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4	Net capital gain attributable to investment property	

Part IV Items of Tax Preference (See Instructions)		Form 4625 line reference
1	Accelerated depreciation on: (a) Low income rental housing	line 1(b)(1)
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2	Amortization: (a), (b), (c), (d)	line 1(d), (e), (f) and (g)
3	Reserves for losses on bad debts of financial institutions	line 1(h)
4	Depletion	line 1(j)
5	Intangible drilling costs	line 1(l)
6	Net capital gain (after tax)	

Part V Property Eligible for Investment Credit		Form 3468 line reference
Basis of new investment property	(a) 3 or more but less than 5 years	line 1(a)
	(b) 5 or more but less than 7 years	line 1(b)
	(c) 7 or more years	41 line 1(c)
Qualified progress expenditures	1974, 1975, and 1976 (d) 7 or more years	line 1(d)
	1977 (e) 7 or more years	line 1(e)
Cost of used investment property	(f) 3 or more but less than 5 years	line 1(f)
	(g) 5 or more but less than 7 years	line 1(g)
	(h) 7 or more years	line 1(h)

Part VI 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	(11) Qualified investment (Col. 3 x col. 10)	
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		

Part VII New Jobs Credit		(a) Amount	Form 5884 line reference
1	Shareholder's distributive share of new jobs credit		line 18

Part VIII Other Shareholder Information		3. Stock ownership			4. Compensation	5. Percentage of time devoted to business
1. Name and address of shareholder	2. Social security number	Number of shares	Period held			
			Date acquired	Date of disposition		
H. Tracy Hall, Jr. Palo Alto, California	528-66-3544	1,750	9/1/74		NONE	NONE
Corporation's name, identifying number, and address (including ZIP code)						
H. Tracy Hall, Inc. 87-0293951 1190 Columbia Lane Provo, Utah 84601						

DATAFOLD FORMS, INC., N

SCHEDULE K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

**Shareholder's Share of Undistributed Taxable
Income, etc.—1977**

For calendar year 1977 or other taxable year
beginning September 1, 1977, ending August 31, 1978

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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)	(211)	Sch. E, Part III
2 Undistributed taxable income—long-term capital gain after tax		Sch. D, Part II

Part II Losses from Section 465 Activities

1 Shareholder's distributive share of losses from section 465 activities (see instructions)		
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Part III Interest on Investment Indebtedness

	Form 4952 line reference
1(a) Interest on investment indebtedness incurred prior to December 17, 1969	line 1
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4 Net capital gain attributable to investment property	line 25

Part IV Items of Tax Preference (See Instructions)

	Form 4625 line reference
1 Accelerated depreciation on: (a) Low income rental housing	line 1(b)(1)
(b) Other real property	line 1(b)(2)
(c) Personal property subject to a lease	line 1(c)
2 Amortization: (a), (b), (c), (d)	line 1(d), (e), (f) and (g)
3 Reserves for losses on bad debts of financial institutions	line 1(h)
4 Depletion	line 1(j)
5 Intangible drilling costs	line 1(l)
6 Net capital gain (after tax)	

Part V Property Eligible for Investment Credit

	Form 3468 line reference
Basis of new investment property	
(a) 3 or more but less than 5 years	line 1(a)
(b) 5 or more but less than 7 years	line 1(b)
(c) 7 or more years	163 line 1(c)
Qualified progress expenditures	
1974, 1975, and 1976	line 1(d)
1977	line 1(e)
(d) 7 or more years	line 1(f)
(e) 7 or more years	line 1(g)
Cost of used investment property	
(f) 3 or more but less than 5 years	line 1(h)
(g) 5 or more but less than 7 years	
(h) 7 or more years	

Part VI 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)

Part VII New Jobs Credit

	(a) Amount	Form 5884 line reference
1 Shareholder's distributive share of new jobs credit		line 18

Part VIII Other Shareholder Information

1. Name and address of shareholder	2. Social security number	3. Stock ownership		4. Compensation	5. Percentage of time devoted to business
		Number of shares	Period held Date acquired Date of disposition		
H. Tracy Hall Provo, Utah 84601	529-07-9801	6,750	8/30/72	NONE	

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

H. Tracy Hall, Inc. 87-0293951
1190 Columbia Lane
Provo, Utah 84601

DATAFOLD FORMS, INC., M

H. TRACY HALL, INC.

87-0293951

SCHEDULE OF TAXES

Fiscal year ended August 31, 1978

Property taxes

\$ 6

SCHEDULE OF OTHER DEDUCTIONS

Freight and express	\$ 284
Insurance	92
Professional fees	380
Supplies	2,725
Utilities	602
Miscellaneous expense	<u>25</u>
Total	<u>\$4,108</u>

AMORTIZATION OF ORGANIZATION EXPENSES

Fiscal year ended August 31, 1978

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>320</u>
Unamortized balance August 31, 1977	5
Amortization for the fiscal year ended August 31, 1978	5

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)		(775)	
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		(775)	
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)		(775)	
9	Undistributed taxable income—taxable as long-term capital gain (after tax)			
10	Investment credit property		Cost or basis	
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	592	
	Qualified progress expenditures	1974, 1975 and 1976	(d) 7 or more years	
		1977	(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) (1) Interest on investment indebtedness incurred prior to December 17, 1969			
	(2) Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969			
	(3) Interest on investment indebtedness incurred after September 10, 1975			
	(b) Net investment income or (loss)			
	(c) Excess expenses from "net lease property"			
	(d) Net capital gain attributable to investment property			
12	Item of tax preference (see instructions): (a) Accelerated depreciation on—			
	(1) Low income rental housing			
	(2) Other real property			
	(3) Personal property subjected to a lease			
	(b) Amortization: (1) _____, (2) _____, (3) _____, (4) _____			
	(c) Reserve for losses on bad debts of financial institutions			
	(d) Depletion			
	(e) Intangible drilling costs			
	(f) Net capital gain (after tax)			
13	New jobs credit (see instructions)			

Additional Information Required

	Yes	No
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? (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.		X
G Taxable income or (loss) from line 28, Page 1, Form 1120S for your taxable year beginning in: 1974 20,587; 1975 (4,158); 1976 (3,567)		
H Refer to page 7 of instructions and state the principal: Business activity <u>Research and engineering</u> Product or service _____		
I Were you a member of a controlled group subject to the provisions of section 1561?		X
J Did you claim a deduction for expenses connected with:		
(1) Entertainment facility (boat, resort, ranch, etc.)?		X
(2) Living accommodations (except for employees on business)?		X
(3) Employees' families at conventions or meetings?		X
(4) Employee or family vacations not reported on Form W-2?		X

	Yes	No
Enter total amount of deduction(s) on Form 1120S that are claimed under section 274 (entertainment, gifts, etc.)		
K Did you file all required Forms 1087, 1096, and 1099?	X	
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?		
M Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)? If "Yes," see Instruction R.		X
N Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? If "Yes," you may be required to file Forms 3520, 3520-A, or 926.		X
O Was this firm in business at the end of 1977?	X	
P How many months in 1977 was this firm in business?		12

Schedule L Balance Sheets

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

Assets			
	(A) Amount	(B) Total	(C) Amount
	Beginning of Taxable year	End of Taxable year	(D) Total
1 Cash	4,240	4,240	2,070
2 Trade notes and accounts receivable			
3 Inventories			
4 Gov't obligations: (a) U.S. and instrumentalities			
5 Other current assets (attach schedule)	9,163	9,163	14,348
6 Loans to shareholders			
7 Mortgage and real estate loans			
8 Other investments (attach schedule)			
9 Buildings and other fixed depreciable assets	32,501	33,093	12,642
10 Depreciable assets:			
(a) Less accumulated depreciation	16,074	16,427	12,642
11 Land (net of any amortization)			
12 Intangible assets (amortizable only)	325	5	325
13 Other assets (attach schedule)			
14 Total assets	29,835	29,835	29,060
Liabilities and Shareholders' Equity			
15 Accounts payable			
16 Mtgs., notes, bonds payable in less than 1 year			
17 Other current liabilities (attach schedule)			
18 Loans from shareholders			
19 Mtgs., notes, bonds payable in 1 year or more			
20 Other liabilities (attach schedule)			
21 Capital stock			
22 Paid-in or capital surplus			
23 Retained earnings—appropriated (attach schedule)			
24 Retained earnings—unappropriated			
25 Shareholders' undistributed taxable income previously taxed			
26 Less cost of treasury stock			
27 Total liabilities and shareholders' equity	29,835	29,835	29,060

1 Net income per books	(775)		
2 Federal income tax			
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 in this return (itemize)			
6 Total of lines 1 through 5	(775)		
7 Income recorded on books this year not included in this return (itemize)			
(a) Tax-exempt interest \$			
8 Deductions in this tax return not charged against book income this year (itemize)			
9 Total of lines 7 and 8			
10 Income (line 28, page 1)—line 6 less line 9			(775)

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

1 Balance at beginning of year	(523)		
2 Net income per books	(775)		
3 Other increases (itemize)			
4 Total of lines 1, 2, and 3	(1,298)		
5 Distributions out of current or accumulated earnings and profits: (a) Cash			
(b) Stock			
(c) Property			
6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9, Schedule K)	(775)		
7 Other decreases (itemize)			
8 Total of lines 5, 6, and 7	(775)		
9 Balance at end of year (line 4 less line 8)			(523)

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

UTAH SMALL BUSINESS CORPORATION FRANCHISE TAX RETURN For Calendar Year 1977

1977

Completed Return is to be filed with or mailed to STATE TAX COMMISSION OF UTAH State Office Building Salt Lake City, Utah 84134

or other taxable year beginning 9/1, 1977, ending 8/31, 1978

Federal Identification Number 87-0293951 Utah Sec. of State Number 057676

Returns made on the basis of the calendar year 1977 shall be filed with the State Tax Commission, State Office Bldg., Salt Lake City, Utah 84134, on or before April 15, 1978. 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, Inc. 1190 Columbia Lane 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.

Table with 11 rows for tax calculations. Line 1: Taxable income from page 1 of federal form 1120S \$ (775). Line 2: Deduct: Income subject to federal tax, from schedule J form 1120S. Line 3: Line 1 less line 2 \$ (775). Line 4: Percentage of ownership represented by: (See instruction 5). (a) Resident shares 18,000 72. (b) Non-resident shares 7,000 28. Total - equals 100% 25,000 100. Line 5: Line 3 multiplied by percent in line 4(a) (217). Line 6: Line 3 less line 5 \$ (558). Line 7: Amount on line 2. Line 8: Net Income (line 6 plus line 7) \$ (558). Line 9: Income allocated to Utah, from line 11, Schedule N, Page 2, (Applicable only if corporation is taxable in another state). Line 10: Net income subject to Utah franchise tax from line 8 or 9, whichever is applicable \$ (558). Line 11: Tax: 4% of line 10 (No Minimum) \$ NONE. Underestimate penalty \$ Late filing penalty \$ Extension interest \$ Late filing interest \$ Total: \$ Credits: Off highway Utah agricultural gas tax \$ Advance payment \$ Tax due \$ Overpayment to be refunded \$

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

27 Oct 1978 Date H. Tracy Hall Signature of officer President Title

1675 North 200 West, Provo, Utah Address 84601 Elmer Fox, Westheimer & Co. Certified Public Accountants

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. Preprinted Labels. Use tax forms with preprinted label or reproduction thereof. If the address has changed, make correction directly on the label. The Utah Secretary of State number appears in parentheses on the preprinted label.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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 state 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.

9. First Return. Upon filing as a "small business" corporation for the first time, a copy of the federal letter of authorization from the Internal Revenue Service must be attached.

10. Penalty for Under Payment of Estimated Tax. For failure to pay a least 80% of the tax due on the return with extension request, a penalty of 1% of the total additional tax due on the return will be added if the failure to pay the total tax is for one month, with an additional 1% to be added for each additional month or fraction thereof during which failure continues, not exceeding 6% in the aggregate. This penalty will not apply if payment with the application is equal to or greater than the total tax paid on prior year's return if such tax exceeds \$25.00.

11. For Failure to Make and File a Return on Time. Penalty 5% of the amount of tax if the failure is for not more than one month, with an additional 5% for each additional month or fraction thereof during which such failure continues, not exceeding 25% in the aggregate.