

**U.S. Income Tax Return
for Homeowners Associations**

2012

Department of the Treasury
Internal Revenue Service

► Information about Form 1120-H and its separate instructions is at www.irs.gov/form1120h.

For calendar year 2012 or tax year beginning _____, 2012, and ending _____, 20

TYPE OR PRINT	Name FESTIVAL HOMEOWNERS ASSOCIATION	Employer identification number 86-0728320
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 25466	Date association formed
	City or town, state, and ZIP code TEMPE, ARIZONA 85285-5466	

Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

A Check type of homeowners association: Condominium management association Residential real estate association Timeshare association

B Total exempt function income. Must meet 60% gross income test (see instructions)	B	100908	26
C Total expenditures made for purposes described in 90% expenditure test (see instructions)	C	90938	21
D Association's total expenditures for the tax year (see instructions)	D	92061	21
E Tax-exempt interest received or accrued during the tax year	E		

Gross Income (excluding exempt function income)			
1 Dividends	1		
2 Taxable interest	2	418	93
3 Gross rents	3		
4 Gross royalties	4		
5 Capital gain net income (attach Schedule D (Form 1120))	5		
6 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6		
7 Other income (excluding exempt function income) (attach statement)	7		
8 Gross income (excluding exempt function income). Add lines 1 through 7	8	418	93

Deductions (directly connected to the production of gross income, excluding exempt function income)			
9 Salaries and wages	9		
10 Repairs and maintenance	10		
11 Rents	11		
12 Taxes and licenses	12		
13 Interest	13	50	00
14 Depreciation (attach Form 4562)	14		
15 Other deductions (attach statement)	15		
16 Total deductions. Add lines 9 through 15	16	1073	00
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8	17	1123	00
18 Specific deduction of \$100	18	-704	07
		\$100	00

Tax and Payments			
19 Taxable income. Subtract line 18 from line 17	19	-804	07
20 Enter 30% of line 19. (Timeshare associations, enter 32% of line 19.)	20	0	00
21 Tax credits (see instructions)	21		
22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits	22	0	00
23 a 2011 overpayment credited to 2012 23a	23a		
b 2012 estimated tax payments 23b	23b		
c Total 23c	23c		
d Tax deposited with Form 7004 23d	23d		
e Credit for tax paid on undistributed capital gains (attach Form 2439) 23e	23e		
f Credit for federal tax paid on fuels (attach Form 4136) 23f	23f		
g Add lines 23c through 23f	23g	0	00
24 Amount owed. Subtract line 23g from line 22 (see instructions)	24	0	00
25 Overpayment. Subtract line 22 from line 23g	25		
26 Enter amount of line 25 you want: Credited to 2013 estimated tax ► Refunded ►	26		

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

Signature of officer _____	Date _____	Title _____	
May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Paid Preparer Use Only	Print/Type preparer's name JOANNE OSHEEL	Preparer's signature <i>J Osheel</i>	Date 2/12/13
	Firm's name ► KINNEY MANAGEMENT SERVICES	Check <input type="checkbox"/> if self-employed	PTIN P01292917
	Firm's address ► P.O. BOX 25466 TEMPE, AZ 85285-5466	Firm's EIN ► 86-0524675	Phone no. 480-820-3451

For the calendar year 2012 or fiscal year beginning (M, M, D, D, Y, Y, Y, Y) and ending (M, M, D, D, Y, Y, Y, Y)

Business telephone number (with area code) (480) 820-3451	Please Type or Print	Name FESTIVAL HOMEOWNERS ASSOCIATION	Employer identification number (EIN) 86-0728320
		Number and street or PO Box P.O. BOX 25466	AZ transaction privilege tax number
Business activity code number (from federal Form 1120) 813990		City or town, state, and ZIP code TEMPE, ARIZONA 85285-5466	

Check box if: This is a first return Name change Address change

A Is FEDERAL return filed on a consolidated basis? Yes No
 If yes, list EIN of common parent from consolidated return: _____
 NOTE: Use Form 120 to file an ARIZONA consolidated return.
 Taxpayers cannot use Form 120A to file an Arizona consolidated return.

B Is this the corporation's final ARIZONA return? Yes No
 If yes, check one: Dissolved Withdrawn Merged/Reorganized
 List EIN of the successor corporation, if any: _____

CHECK BOX IF: Return filed under extension.	
<input checked="" type="checkbox"/> 82	82 F <input type="checkbox"/>
REVENUE USE ONLY. DO NOT MARK IN THIS AREA.	
<input type="checkbox"/> 81	<input type="checkbox"/> 66

Arizona Taxable Income Computation

1	Taxable income - per attached federal return	1	-804	00
2	Additions to taxable income - from page 2, Schedule A, line A11	2	150	00
3	Total taxable income - add lines 1 and 2	3	-654	00
4	Subtractions from taxable income - from page 2, Schedule B, line B12	4	0	00
5	Adjusted income - subtract line 4 from line 3	5	-654	00
6	Arizona basis net operating loss carryforward - attach computation schedule	6	0	00
7	Arizona taxable income - subtract line 6 from line 5	7	-654	00

Arizona Tax Liability Computation

8	Enter tax. Tax is 6.968 percent of line 7 or fifty dollars (\$50), whichever is greater	8	50	00
9	Tax from recapture of tax credits - from Form 300, Part II, line 28	9	0	00
10	Subtotal - add lines 8 and 9	10	50	00
11	Nonrefundable tax credits - from Form 300, Part II, line 52	11	0	00
12	Credit type - enter form number for each nonrefundable credit claimed: <input type="checkbox"/> 3, <input type="checkbox"/> 3, <input type="checkbox"/> 3, <input type="checkbox"/> 3			
13	Tax liability - subtract line 11 from line 10	13	50	00
14	Clean Elections Fund Tax Credit. SEE INSTRUCTIONS BEFORE COMPLETING THIS LINE	14	0	00
15	Tax liability after Clean Elections Fund tax credit - subtract line 14 from line 13	15	50	00

Tax Payments

16	Refundable tax credits. Check box(es) and enter amount(s) <input checked="" type="checkbox"/> 16 <input type="checkbox"/> 308 <input type="checkbox"/> 342	16	00
17	Extension payment made with Form 120EXT or online - see instructions	17	00
18	Estimated tax payments - see instructions	18	00
19	Total payments - see instructions	19	0 00

Computation of Total Due or Overpayment

20	Balance of tax due - If line 15 is larger than line 19, enter balance of tax due. Skip line 21	20	50	00
21	Overpayment of tax - If line 19 is larger than line 15, enter overpayment of tax	21	0	00
22	Penalty and interest	22	0	00
23	Estimated tax underpayment penalty - If Form 220 is attached, check box. 23A <input type="checkbox"/>	23	0	00
24	TOTAL DUE - see instructions. Payment must accompany return	24	50	00
25	OVERPAYMENT - see instructions	25	0	00
26	Amount of line 25 to be applied to 2013 estimated tax	26	0	00
27	Amount to be refunded - subtract line 26 from line 25	27	0	00

Schedule A - Additions to Taxable Income

A1 Total federal depreciation.....	A1	00
A2 IRC § 179 expense in excess of allowable amount.....	A2	00
A3 Taxes based on income paid to any state (INCLUDING ARIZONA), local governments or foreign governments.....	A3	50 00
A4 Interest on obligations of other states, foreign countries, or political subdivisions.....	A4	00
A5 Special deductions claimed on federal return.....	A5	100 00
A6 Federal net operating loss deduction claimed on federal return.....	A6	00
A7 Commissions and other expenses paid or accrued to a Domestic International Sales Corporation (DISC).....	A7	00
A8 Capital investment by certified defense contractor - attach schedule.....	A8	00
A9 Additions related to Arizona tax credits - attach schedule.....	A9	00
A10 Other additions to federal taxable income - attach schedule.....	A10	00
A11 Total - add lines A1 through A10. Enter total here and on page 1, line 2.....	A11	150 00

Schedule B - Subtractions From Taxable Income

B1 Recalculated Arizona depreciation - see instructions.....	B1	00
B2 Basis adjustment for property sold or otherwise disposed of during the taxable year - see instructions.....	B2	00
B3 Adjustment for IRC § 179 expense not allowed.....	B3	00
B4 Dividends received from 50% or more controlled domestic corporations.....	B4	00
B5 Foreign dividend gross-up.....	B5	00
B6 Dividends received from foreign corporations.....	B6	00
B7 Dividends received from a DISC.....	B7	00
B8 Interest on U.S. obligations.....	B8	00
B9 Agricultural crops charitable contribution.....	B9	00
B10 Capital investment by certified defense contractor - attach schedule.....	B10	00
B11 Other subtractions from federal taxable income - attach schedule.....	B11	00
B12 Total - add lines B1 through B11. Enter total here and on page 1, line 4.....	B12	00

Schedule C - Additional Information

C1 Date business began in Arizona: (M, M, D, D, Y, Y, Y, Y)

C2 Address at which tax records are located for audit purposes: c/o Kinney Management Services 6303 S Rural Road, Ste 3 Tempe, AZ 85283

C3 The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorizes the disclosure of confidential information to this individual. (See instructions, page 11.)
 Name: Joanne Osheel Phone number: (480) 820-3451
 Title: Management Agent

C4 List prior taxable years for which a federal examination has been finalized N/A

NOTE: ARS § 43-327 requires the taxpayer, within ninety days after final determination, to report these changes under separate cover to the Arizona Department of Revenue or to file amended returns reporting these changes. (See instructions, page 3.)

C5 Amount of Arizona taxable income for prior taxable year (2011 Form 120A, line 7)..... \$ -525 00

C6 Indicate tax accounting method: Cash Accrual Other (Specify method.) _____

Certification The following certification must be signed by one or more of the following officers (president, treasurer, or any other principal officer).

Under penalties of perjury, I (we), the undersigned officer(s) authorized to sign this return, declare that I (we) have examined this return, including the accompanying schedules and statements, and to the best of my (our) knowledge and belief, it is a true, correct and complete return, made in good faith, for the taxable year stated pursuant to the income tax laws of the State of Arizona.

Please Sign Here

Officer's Signature	Date	Title
Officer's Signature	Date	Title

Paid Preparer's Use Only

Preparer's Signature	Date	Preparer's PTIN
KINNEY MANAGEMENT SERVICES	<u>2/12/13</u>	86-0524675
Firm's Name (or Preparer's Name, if self-employed)	P.O. BOX 25466 TEMPE, ARIZONA	Firm's <input checked="" type="checkbox"/> EIN or <input type="checkbox"/> SSN
Firm's Address	85285	(480) 820-3451
	ZIP Code	Firm's Telephone Number