



KINNEY MANAGEMENT SERVICES

Dear Client,

Enclosed are the 2018 tax returns for the Federal and State agencies for your Association, which we have prepared on your behalf. To file on a timely basis and to avoid penalties or interest charges, you must mail the forms to the appropriate agencies by the due dates listed on the attached instructions. Please be aware that the due date for both returns is Monday, April 15th 2019. We have enclosed envelopes that are stamped and addressed for your convenience.

There are three copies of each form; an original to be mailed directly to the agency, a copy to keep for your records and a copy to return to Kinney Management. After you have signed all of the copies, please return our copy in the enclosed envelope so that we may maintain a complete tax file for your Association. If you have any questions, please do not hesitate to contact our office.

Sincerely,

Joanne Osheel
Kinney Management Services

Enclosures

Instructions for Signing Tax Returns

Please review all forms carefully and notify us immediately if there are any inaccuracies. Please be sure to return a signed copy of each form to our office in the enclosed envelope.

Form 1120-H U.S. Income Tax Return

Signing: *Any Officer may sign the bottom of the form.*

Address: Internal Revenue Service
Ogden, UT 84201-0012

Payment: If there is any payment due, we will **deposit** the Funds directly via EFTPS per IRS instructions.

Due Date: Return is due Monday, April 15, 2019

Form 120A Arizona Income Tax Return

Signing: *Any Officer may sign*

Address: Arizona Department of Revenue
P.O. Box 29079
Phoenix, Arizona 85038-9079

Payment: A check is **attached** to the return

Due Date: Return is due Monday, April 15, 2019

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

Department of the Treasury
Internal Revenue Service

▶ Go to www.irs.gov/Form1120H for instructions and the latest information.

2018

For calendar year 2018 or tax year beginning _____, 2018, 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.	Date association formed
	P.O. BOX 25466	CLIENT'S COPY
	City or town, state or province, country, and ZIP or foreign postal 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	131867	82
C Total expenditures made for purposes described in 90% expenditure test. See instructions	C	88482	26
D Association's total expenditures for the tax year. See instructions	D	90078	26
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	221	07
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	221	07

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	50	00
13 Interest	13		
14 Depreciation (attach Form 4562)	14		
15 Other deductions (attach statement)	15	1596	00
16 Total deductions. Add lines 9 through 15	16	1646	00
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8	17	-1424	93
18 Specific deduction of \$100	18	\$100	00

Tax and Payments

19 Taxable income. Subtract line 18 from line 17	19	-1524	93
20 Enter 30% (0.30) of line 19. (Timeshare associations, enter 32% (0.32) of line 19.)	20	0	00
21 Tax credits (see instructions)	21	0	00
22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits	22	0	00
23 a 2017 overpayment credited to 2018 23a _____			
b 2018 estimated tax payments 23b _____			
c Total ▶ 23c _____			
d Tax deposited with Form 7004 23d _____			
e Credit for tax paid on undistributed capital gains (attach Form 2439) 23e _____			
f Credit for federal tax paid on fuels (attach Form 4136) 23f _____			
g Add lines 23c through 23f 23g _____	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 2019 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. Yes No

Paid Preparer Use Only	Print/Type preparer's name JOANNE OSHEEL	Preparer's signature <i>J Osheel</i>	Date 2/28/19	Check <input type="checkbox"/> if self-employed	PTIN P01292917
	Firm's name ▶ KINNEY MANAGEMENT SERVICES	Firm's EIN ▶ 86-0524675		Phone no. 480-820-3451	
	Firm's address ▶ P.O. BOX 25466 TEMPE, AZ 85285-5466				

2018 US INCOME TAX RETURN

1120-H

Line 15 – Other deductions

DEDUCTIONS

15. Other Deductions	1,596.00
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For the calendar year 2018 or fiscal year beginning 12,0,1,8 and ending 12,0

Business Telephone Number (with area code)	Name FESTIVAL HOMEOWNERS ASSOCIATION Address – number and street or PO Box	Employer Identification Number (EIN) 86-0728320
Business Activity Code (from federal Form 1120)	P.O. BOX 25466 City, Town or Post Office	State AZ
	TEMPE	ZIP Code 85285-5466

IMPORTANT: Do not use Form 120A to file an Arizona combined or consolidated return. Use Form 120.

Check box if return filed under FEDERAL extension:
 82 82F Do not check if using Arizona Extension

REVENUE USE ONLY. DO NOT MARK IN THIS AREA.

<input checked="" type="checkbox"/> 88	PM	<input checked="" type="checkbox"/> 66	RCVD
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68 Check box if:

- A This is a first return B Name change C Address change
- A Is FEDERAL return filed on a consolidated basis? Yes No
If "Yes", list EIN of common parent from consolidated return _____
- B Is this the corporation's final ARIZONA return under this EIN? Yes No
If "Yes", check one:
1 Dissolved 2 Withdrawn 3 Merged/Reorganized
List EIN of the successor corporation, if any _____

Arizona Taxable Income Computation

1 Taxable income per federal return	1	-1,525	00
2 Additions to taxable income from page 2, Schedule A, line A9	2	150	00
3 Total taxable income: Add lines 1 and 2	3	-1,375	00
4 Subtractions from taxable income from page 2, Schedule B, line B11	4	0	00
5 Adjusted income: Subtract line 4 from line 3	5	-1,375	00
6 Arizona basis net operating loss carryover: See instructions	6	0	00
7 Arizona taxable income: Subtract line 6 from line 5	7	-1,375	00

Arizona Tax Liability Computation

8 Enter tax: Tax is 4.9 percent of line 7 or fifty dollars (\$50), whichever is greater	8	50	00
9 Tax from recapture of tax credits from Arizona Form 300, Part 2, line 27	9	0	00
10 Subtotal: Add lines 8 and 9	10	50	00
11 Nonrefundable tax credits from Arizona Form 300, Part 2, line 49	11	0	00
12 Credit type: Enter form number for each nonrefundable credit used: 121 <u>3</u> , 122 <u>3</u> , 123 <u>3</u> , 124 <u>3</u>			
13 Tax liability: Subtract line 11 from line 10	13	50	00

Tax Payments

14 Refundable tax credits: Check box(es) and enter amount: 141 <input type="checkbox"/> 308 142 <input type="checkbox"/> 349	14	0	00
15 Extension payment made with Form 120EXT or online: See instructions	15	0	00
16 Estimated tax payments: 16a <u>00</u> Claim of Right: 16b <u>00</u> Add 16a and 16b	16c	0	00
17 Total payments: Add lines 14, 15, and 16c. Enter the total	17	0	00

Computation of Total Due or Overpayment

18 Balance of tax due: If line 13 is larger than line 17, subtract line 17 from line 13. Enter the difference. Skip line 19.	18	50	00
19 Overpayment of tax: If line 17 is larger than line 13, subtract line 13 from line 17. Enter the difference	19	0	00
20 Penalty and interest	20	0	00
21 Estimated tax underpayment penalty: If Form 220 is included, check box <input type="checkbox"/> 21A	21	0	00
22 TOTAL DUE: See instructions	22	50	00
23 OVERPAYMENT: See instructions	23	0	00
24 Amount of line 23 to be applied to 2019 estimated tax	24	00	
25 Amount to be refunded: Subtract line 24 from line 23	25	0	00

Continued on page 2 →

SCHEDULE A Additions to Taxable Income

A1 Total federal depreciation.....	A1		00
A2 Taxes based on income paid to any state (INCLUDING ARIZONA), local governments or foreign governments	A2	50	00
A3 Interest on obligations of other states, foreign countries, or political subdivisions	A3		00
A4 Special deductions claimed on federal return.....	A4	100	00
A5 Federal net operating loss deduction claimed on federal return.....	A5		00
A6 Additions related to Arizona tax credits: See instructions	A6		00
A7 Capital loss from exchange of legal tender.....	A7		00
A8 Other additions to federal taxable income: See instructions.....	A8		00
A9 Total: Add lines A1 through A8. Enter the total here and on page 1, line 2.....	A9	150	00

SCHEDULE B Subtractions From Taxable Income

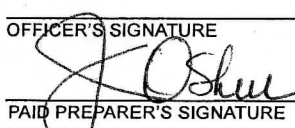
B1 Recalculated Arizona depreciation: See instructions	B1		00
B2 Basis adjustment for property sold or otherwise disposed of during the taxable year: See instructions	B2		00
B3 Dividends received from 50% or more controlled domestic corporations.....	B3		00
B4 Foreign dividend gross-up	B4		00
B5 Dividends received from foreign corporations	B5		00
B6 Interest on U.S. obligations.....	B6		00
B7 Agricultural crops charitable contribution.....	B7		00
B8 Expenses related to certain federal tax credits: See instructions	B8		00
B9 Capital gain from exchange of legal tender	B9		00
B10 Other subtractions from federal taxable income: See instructions.....	B10		00
B11 Total: Add lines B1 through B10. Enter the total here and on page 1, line 4	B11		00

SCHEDULE C Additional Information

- C1 Date business began in Arizona: _____
- C2 Address at which tax records are located for audit purposes: Number/Street: c/o Kinney Management Services - 6303 S Rural Rd
City: Tempe State: AZ ZIP Code: 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.)
Name: Joanne Osheel Phone Number: (480) 820-3451
Title: Management Agent (Area Code)
- C4 List prior taxable years for which a federal examination has been finalized: _____

NOTE: A.R.S. § 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.)

- C5 Indicate tax accounting method: Cash Accrual Other (Specify method.) _____

	The following declaration must be signed by one or more of the following officers: president, treasurer, or any other principal officer.		
Declaration	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
		<u>2/28/19</u>	
Paid Preparer's Use Only	PAID PREPARER'S SIGNATURE	DATE	P01292917
	<u>KINNEY MANAGEMENT SERVICES</u>		PAID PREPARER'S TIN
	FIRM'S NAME (OR PAID PREPARER'S NAME, IF SELF-EMPLOYED)		<u>86-0524675</u>
	<u>P.O. BOX 25466</u>		FIRM'S EIN
	FIRM'S STREET ADDRESS		<u>(480) 820-3451</u>
	<u>TEMPE</u>	<u>AZ</u>	FIRM'S TELEPHONE NUMBER
	CITY	STATE	<u>85285-5466</u>
			ZIP CODE

Mail to: Arizona Department of Revenue, PO Box 29079, Phoenix, AZ 85038-9079

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

2018

Department of the Treasury
Internal Revenue Service

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For calendar year 2018 or tax year beginning , 2018, and ending , 20

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	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 or province, country, and ZIP or foreign postal code TEMPE, ARIZONA 85285-5466	

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Signature of officer _____ Date _____ Title _____

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Paid Preparer Use Only	Print/Type preparer's name JOANNE OSHEEL	Preparer's signature <i>J Osheel</i>	Date 2/28/19	Check <input type="checkbox"/> if self-employed	PTIN P01292917
	Firm's name KINNEY MANAGEMENT SERVICES	Firm's EIN 86-0524675		Phone no. 480-820-3451	
	Firm's address P.O. BOX 25466 TEMPE, AZ 85285-5466				

2018 US INCOME TAX RETURN

1120-H

Line 15 – Other deductions

DEDUCTIONS

15. Other Deductions	1,596.00
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