

### Critical Messages

None

### Electronic Filing

None

### Informational Messages

- Force field entered with data "23,615" on Screen A
- Force field entered with data "23,615" on Screen A
- Form 1120S, Page 2, Schedule B, Line 6 question proforma'd from prior year; review data entry
- S Corporation loans from shareholder per ending balance sheet does not agree with sum of the loans displayed on the Shareholder Basis Worksheet item for "Principal amount of loan owed to shareholder at end of the year"; review data in View > Shareholder Information > Other Info tab > Shareholder Basis > Loan tab
- Salutation used in the Transmittal Letter is blank
- Net income per books automatically calculated for Schedule M-1
- Data was accepted via Datasharing
- The extension can only be electronically filed after the tax year end and before the due date unless it has been rejected and within the 5 day grace period
- This return is marked to be filed electronically
- This extension is marked to be filed electronically
- Preparer 'Ade Rogers, CPA'
- UltraTax CS client SAFA0052 matches Sch K1 TIN: 462-41-0052; a K1 package will print to FileCabinet CS
- UltraTax CS client SAFA8944 matches Sch K1 TIN: 616-50-8944; a K1 package will print to FileCabinet CS

### Missing Data

	Prior Year Data
<b>Income and Deductions</b>	
<input type="checkbox"/> Salaries and wages	64,710
<input type="checkbox"/> Rents	8,500
<input type="checkbox"/> Other income	856
<b>Balance Sheet, Page 2</b>	
<input type="checkbox"/> Accounts payable	13,754
<input type="checkbox"/> Accumulated adjustments	-2,598,760
<input type="checkbox"/> Other adjustments	-1,188
<input type="checkbox"/> Retained earnings	-882,285
<input type="checkbox"/> Adjustment shareholder equity	-2,030,619

## Form 1120S Return Summary

For calendar year 2016 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_  
**ZIPZAP, INC** **36-4592031**

**Ordinary Business Income (Loss)**

Total income	-39,724	
Total deductions	26,988	
<b>Ordinary business income (loss)</b>		<b>-66,712</b>
<b>Total S Corporation taxes</b>		<b>0</b>

**Schedule K, Line 18**

Ordinary business income (loss)	-66,712	
Net rental real estate income (loss)		
Other net rental income (loss)		
Interest income		
Dividends		
Royalties		
Short-term capital gain (loss)		
Long-term capital gain (loss)		
Net Section 1231 gain (loss)		
Other income (loss)		
Section 179 deduction		
Contributions		
Investment interest expense		
Section 59(e)(2) expenditures		
Other deductions		
Foreign taxes paid or accrued		
<b>Income (loss) reconciliation (Schedule K, Line 18)</b>		<b>-66,712</b>

**Schedule L**

	Prior Year	Current Year
Assets	83,959	32,742
Liabilities	83,959	32,742
Difference	0	0

**Schedule M-1**

Schedule M-1	-66,712
Schedule K, Line 18	-66,712
Difference	0

**Retained Earnings**

	Schedule L	Schedule M-2
AAA	-2,701,524	-2,701,524
OAA	-1,188	-1,188
UTI		
R.E. Unapprop	-329,269	-329,269
Total	-3,031,981	-3,031,981

**Schedule M-3**

Schedule M-3	
Schedule K, Line 18	
Difference	0

Total number of shareholders **2**  
 Total ownership percentage **100.000000**

**Rogers & Associates, CPA  
1338 E Center Court Dr Ste 203  
Covina, CA 91724-3681  
626-480-1414**

April 11, 2017

**CONFIDENTIAL**

ZIPZAP, INC  
21 ORINDA WAY #C-260  
ORINDA, CA 94563

Dear :

We have prepared the following returns from information provided by you without verification or audit:

U.S. Income Tax Return for an S Corporation (Form 1120S)  
California S Corporation Franchise or Income Tax Return (Form 100S)

We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached are instructions for signing and filing each return. Please follow those instructions carefully.

Also enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,

Rogers & Associates, CPA

**Rogers & Associates, CPA**  
**1338 E Center Court Dr Ste 203**  
**Covina, CA 91724-3681**  
**626-480-1414**

April 11, 2017

**CONFIDENTIAL**

ZIPZAP, INC  
21 ORINDA WAY #C-260  
ORINDA, CA 94563

For professional services rendered in connection with the preparation of your 2016 corporate tax return:

Form 1120S (S Corporation Return) .....\$ 2,000.00

Amount due \$ 2,000.00

## Filing Instructions

**ZIPZAP, INC**

**Form 8879-S**

### **U.S. S Corporation Income Tax Declaration for an IRS *e-file* Return with Electronic Filing Personal Identification Number**

**Taxable Year Ended December 31, 2016**

**Date Due:** September 15, 2017

**Remittance:** None is required. No amount is due or overpaid.

**Signature:** You are using the Personal Identification Number (PIN) for signing your return electronically. Form 8879-S, IRS e-file Signature Authorization for Form 1120S should be signed and dated by an authorized officer of the corporation and returned to:

Rogers & Associates, CPA  
1338 E Center Court Dr Ste 203  
Covina, CA 91724-3681

***Important:* Your return will not be filed with the IRS until the signed Form 8879-S, IRS e-file Signature Authorization for Form 1120S has been received by this office.**

**Other:** Your return is being filed electronically with the IRS and is not required to be mailed. If you mail a paper copy of Form 1120S to the IRS it will delay processing of your return.

Form **8879-S**

**IRS e-file Signature Authorization for Form 1120S**

OMB No. 1545-0123

Department of the Treasury  
Internal Revenue Service

**u** Don't send to the IRS. Keep for your records.  
**u** Information about Form 8879-S and its instructions is at [www.irs.gov/form8879s](http://www.irs.gov/form8879s).  
For calendar year 2016, or tax year beginning , and ending

**2016**

Name of corporation

**ZIPZAP, INC**

Employer identification number

**36-4592031**

**Part I Tax Return Information (Whole dollars only)**

1	Gross receipts or sales less returns and allowances (Form 1120S, line 1c)	1	14,427
2	Gross profit (Form 1120S, line 3)	2	-39,724
3	Ordinary business income (loss) (Form 1120S, line 21)	3	-66,712
4	Net rental real estate income (loss) (Form 1120S, Schedule K, line 2)	4	
5	Income (loss) reconciliation (Form 1120S, Schedule K, line 18)	5	-66,712

**Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)**

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2016 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at **1-888-353-4537** no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

**Officer's PIN: check one box only**

I authorize **Rogers & Associates, CPA** ERO firm name to enter my PIN **92031** as my signature don't enter all zeros on the corporation's 2016 electronically filed income tax return.

As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2016 electronically filed income tax return.

Officer's signature **u** \_\_\_\_\_ Date **u** **04/11/17** Title **u** **CEO**

**ALAN SAFAHI**

**Part III Certification and Authentication**

**ERO's EFIN/PIN.** Enter your six-digit EFIN followed by your five-digit self-selected PIN.

**96355063550**

don't enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 3112**, IRS e-file Application and Participation, and **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature **u** **Ade Rogers, CPA** Date **u** **04/11/17**

**ERO Must Retain This Form — See Instructions  
Don't Submit This Form to the IRS Unless Requested To Do So**

Form **1120S**

**U.S. Income Tax Return for an S Corporation**

OMB No. 1545-0123

**2016**

Department of the Treasury  
Internal Revenue Service

**Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.**  
Information about Form 1120S and its separate instructions is at [www.irs.gov/form1120s](http://www.irs.gov/form1120s).

For calendar year 2016 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

<b>A</b> S election effective date <b>08/12/06</b>	<b>TYPE</b>  <b>OR</b>  <b>PRINT</b>	Name <b>ZIPZAP, INC</b>	<b>D</b> Employer identification number <b>36-4592031</b>
<b>B</b> Business activity code number (see instructions) <b>522298</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>21 ORINDA WAY #C-260</b>	<b>E</b> Date incorporated <b>06/01/2006</b>
<b>C</b> Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code <b>ORINDA CA 94563</b>	<b>F</b> Total assets (see instructions)  \$ <b>32,742</b>

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

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

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

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

<b>Income</b>	1a Gross receipts or sales	<b>1a</b>	<b>14,427</b>		
	b Returns and allowances	<b>1b</b>			
	c Balance. Subtract line 1b from line 1a			<b>14,427</b>	
	2 Cost of goods sold (attach Form 1125-A)	<b>2</b>		<b>54,151</b>	
	3 Gross profit. Subtract line 2 from line 1c	<b>3</b>		<b>-39,724</b>	
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)	<b>4</b>			
5 Other income (loss) (see instructions—attach statement)			<b>See Stmt 1</b>	<b>0</b>	
6 <b>Total income (loss).</b> Add lines 3 through 5	<b>u 6</b>			<b>-39,724</b>	
<b>Deductions</b> <small>(see instructions for limitations)</small>	7 Compensation of officers (see instructions—attach Form 1125-E)	<b>7</b>			
	8 Salaries and wages (less employment credits)	<b>8</b>			
	9 Repairs and maintenance	<b>9</b>			
	10 Bad debts	<b>10</b>			
	11 Rents	<b>11</b>			
	12 Taxes and licenses	<b>12</b>			
	13 Interest	<b>13</b>			
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	<b>14</b>			
	15 Depletion ( <b>Do not deduct oil and gas depletion.</b> )	<b>15</b>			
	16 Advertising	<b>16</b>		<b>93</b>	
	17 Pension, profit-sharing, etc., plans	<b>17</b>			
	18 Employee benefit programs	<b>18</b>			
	19 Other deductions (attach statement)			<b>See Stmt 2</b>	<b>26,895</b>
	20 <b>Total deductions.</b> Add lines 7 through 19	<b>u 20</b>			<b>26,988</b>
	21 <b>Ordinary business income (loss).</b> Subtract line 20 from line 6	<b>21</b>			<b>-66,712</b>
<b>Tax and Payments</b>	22a Excess net passive income or LIFO recapture tax (see instructions)	<b>22a</b>			
	b Tax from Schedule D (Form 1120S)	<b>22b</b>			
	c Add lines 22a and 22b (see instructions for additional taxes)			<b>22c</b>	
	23a 2016 estimated tax payments and 2015 overpayment credited to 2016	<b>23a</b>			
	b Tax deposited with Form 7004	<b>23b</b>			
	c Credit for federal tax paid on fuels (attach Form 4136)	<b>23c</b>			
	d Add lines 23a through 23c			<b>23d</b>	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached				<b>u</b> <input type="checkbox"/>
	25 <b>Amount owed.</b> If line 23d is smaller than the total of lines 22c and 24, enter amount owed	<b>25</b>			
	26 <b>Overpayment.</b> If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	<b>26</b>			
27 Enter amount from line 26 <b>Credited to 2017 estimated tax</b> <b>u</b>	<b>27</b>			<b>Refunded u</b>	

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.

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

**Sign Here** Signature of officer **ALAN SAFAHI** Date \_\_\_\_\_ Title **CEO**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>Ade Rogers, CPA</b>	Preparer's signature <b>Ade Rogers, CPA</b>	Date <b>04/11/17</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P00282924</b>
	Firm's name <b>u Rogers &amp; Associates, CPA</b>			Firm's EIN <b>u 46-5119147</b>	
	Firm's address <b>u 1338 E Center Court Dr Ste 203 Covina, CA 91724-3681</b>			Phone no. <b>626-480-1414</b>	

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2016)

**Schedule B Other Information** (see instructions)

<b>1</b> Check accounting method:	<b>a</b> <input type="checkbox"/> Cash	<b>b</b> <input checked="" type="checkbox"/> Accrual	<b>Yes</b>	<b>No</b>
	<b>c</b> <input type="checkbox"/> Other (specify) <b>u</b> .....			
<b>2</b> See the instructions and enter the:	<b>a</b> Business activity <b>u</b> <b>ONLINE PAYMENT SYS</b>		<b>b</b> Product or service <b>u</b> <b>SERVICE</b>	
<b>3</b> At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation .....				<b>X</b>
<b>4</b> At the end of the tax year, did the corporation:	<b>a</b> Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below .....			<b>X</b>

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

**b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below .....

	<b>Yes</b>	<b>No</b>
		<b>X</b>

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

**5a** At the end of the tax year, did the corporation have any outstanding shares of restricted stock? .....

If "Yes," complete lines (i) and (ii) below.

(i) Total shares of restricted stock ..... **u** .....

(ii) Total shares of non-restricted stock ..... **u** .....

**b** At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? .....

If "Yes," complete lines (i) and (ii) below.

(i) Total shares of stock outstanding at the end of the tax year ..... **u** .....

(ii) Total shares of stock outstanding if all instruments were executed ..... **u** .....

**6** Has this corporation filed, or is it required to file, **Form 8918**, Material Advisor Disclosure Statement, to provide information on any reportable transaction? .....

**7** Check this box if the corporation issued publicly offered debt instruments with original issue discount ..... **u**

If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.

**8** If the corporation: **(a)** was a C corporation before it elected to be an S corporation **or** the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation **and** **(b)** has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ..... **u** \$ .....

**9** Enter the accumulated earnings and profits of the corporation at the end of the tax year. .... \$ .....

**10** Does the corporation satisfy **both** of the following conditions?

**a** The corporation's total receipts (see instructions) for the tax year were less than \$250,000 .....

**b** The corporation's total assets at the end of the tax year were less than \$250,000 .....

If "Yes," the corporation is not required to complete Schedules L and M-1.

**11** During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? .....

If "Yes," enter the amount of principal reduction ..... \$ .....

**12** During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions .....

**13a** Did the corporation make any payments in 2016 that would require it to file Form(s) 1099? .....

**b** If "Yes," did the corporation file or will it file required Forms 1099? .....



Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	-66,712
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
	10 Other income (loss) (see instructions) Type <b>u</b>	10	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Charitable contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type <b>u</b> (2) Amount <b>u</b>	12c(2)	
Credits	d Other deductions (see instructions) Type <b>u</b>	12d	
	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instructions) Type <b>u</b>	13d	
	e Other rental credits (see instructions) Type <b>u</b>	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
Foreign Transactions	g Other credits (see instructions) Type <b>u</b>	13g	
	14a Name of country or U.S. possession <b>u</b>		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level	14c	
	Foreign gross income sourced at corporate level		
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement)	14f	
	Deductions allocated and apportioned at shareholder level		
	g Interest expense	14g	
	h Other	14h	
	Deductions allocated and apportioned at corporate level to foreign source income		
	i Passive category	14i	
	j General category	14j	
k Other (attach statement)	14k		
Other information			
l Total foreign taxes (check one): <b>u</b> <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l		
m Reduction in taxes available for credit (attach statement)	14m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Distributions (attach statement if required) (see instructions)	16d	
	e Repayment of loans from shareholders	16e	

<b>Schedule K Shareholders' Pro Rata Share Items</b> (continued)		<b>Total amount</b>	
<b>Other Information</b>	<b>17a</b> Investment income .....	<b>17a</b>	
	<b>b</b> Investment expenses .....	<b>17b</b>	
	<b>c</b> Dividend distributions paid from accumulated earnings and profits .....	<b>17c</b>	
	<b>d</b> Other items and amounts (attach statement) .....		
<b>Reconciliation</b>	<b>18 Income/loss reconciliation.</b> Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l .....	<b>18</b>	<b>-66,712</b>

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
<b>Assets</b>		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>1</b> Cash .....			<b>57,392</b>		<b>6,175</b>
<b>2a</b> Trade notes and accounts receivable .....	<b>2,952</b>			<b>2,952</b>	
<b>b</b> Less allowance for bad debts .....	( )	<b>2,952</b>	( )	<b>2,952</b>	
<b>3</b> Inventories .....		<b>23,615</b>			<b>23,615</b>
<b>4</b> U.S. government obligations .....					
<b>5</b> Tax-exempt securities (see instructions) .....					
<b>6</b> Other current assets (attach statement) <b>Stmt 3</b> .....					
<b>7</b> Loans to shareholders .....					
<b>8</b> Mortgage and real estate loans .....					
<b>9</b> Other investments (attach statement) .....					
<b>10a</b> Buildings and other depreciable assets .....					
<b>b</b> Less accumulated depreciation .....	( )		( )		
<b>11a</b> Depletable assets .....					
<b>b</b> Less accumulated depletion .....	( )		( )		
<b>12</b> Land (net of any amortization) .....					
<b>13a</b> Intangible assets (amortizable only) .....					
<b>b</b> Less accumulated amortization .....	( )		( )		
<b>14</b> Other assets (attach statement) .....					
<b>15</b> Total assets .....		<b>83,959</b>			<b>32,742</b>
<b>Liabilities and Shareholders' Equity</b>					
<b>16</b> Accounts payable .....					
<b>17</b> Mortgages, notes, bonds payable in less than 1 year .....					
<b>18</b> Other current liabilities (attach statement) <b>Stmt 4</b> .....		<b>2,325,048</b>		<b>2,325,048</b>	
<b>19</b> Loans from shareholders .....					
<b>20</b> Mortgages, notes, bonds payable in 1 year or more .....		<b>538,546</b>		<b>606,046</b>	
<b>21</b> Other liabilities (attach statement) .....					
<b>22</b> Capital stock .....		<b>133,269</b>		<b>133,629</b>	
<b>23</b> Additional paid-in capital .....					
<b>24</b> Retained earnings .....		<b>-882,285</b>		<b>-3,031,981</b>	
<b>25</b> Adjustments to shareholders' equity (attach statement) <b>Stmt 5</b> .....		<b>-2,030,619</b>			
<b>26</b> Less cost of treasury stock .....	( )		( )		
<b>27</b> Total liabilities and shareholders' equity .....		<b>83,959</b>			<b>32,742</b>

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

**Note:** The corporation may be required to file Schedule M-3 (see instructions)

<b>1</b> Net income (loss) per books	<b>-66,712</b>	<b>5</b> Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
<b>2</b> Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		<b>a</b> Tax-exempt interest \$	
<b>3</b> Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		<b>6</b> Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
<b>a</b> Depreciation \$		<b>a</b> Depreciation \$	
<b>b</b> Travel and entertainment \$		<b>7</b> Add lines 5 and 6	
<b>4</b> Add lines 1 through 3	<b>-66,712</b>	<b>8</b> Income (loss) (Schedule K, line 18). Line 4 less line 7	<b>-66,712</b>

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

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
<b>1</b> Balance at beginning of tax year	<b>-2,634,812</b>	<b>-1,188</b>	
<b>2</b> Ordinary income from page 1, line 21			
<b>3</b> Other additions			
<b>4</b> Loss from page 1, line 21	( <b>66,712</b> )		
<b>5</b> Other reductions	( )	( )	
<b>6</b> Combine lines 1 through 5	<b>-2,701,524</b>	<b>-1,188</b>	
<b>7</b> Distributions other than dividend distributions			
<b>8</b> Balance at end of tax year. Subtract line 7 from line 6	<b>-2,701,524</b>	<b>-1,188</b>	

Form **1125-A**

(Rev. October 2016)  
 Department of the Treasury  
 Internal Revenue Service

**Cost of Goods Sold**

OMB No. 1545-0123

**u Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**  
**u Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name

**ZIPZAP, INC**

Employer identification number

**36-4592031**

<b>1</b>	Inventory at beginning of year .....	<b>1</b>	<b>23,615</b>
<b>2</b>	Purchases .....	<b>2</b>	<b>53,751</b>
<b>3</b>	Cost of labor .....	<b>3</b>	
<b>4</b>	Additional section 263A costs (attach schedule) .....	<b>4</b>	
<b>5</b>	Other costs (attach schedule) ..... <b>stmt 6</b>	<b>5</b>	<b>400</b>
<b>6</b>	<b>Total.</b> Add lines 1 through 5 .....	<b>6</b>	<b>77,766</b>
<b>7</b>	Inventory at end of year .....	<b>7</b>	<b>23,615</b>
<b>8</b>	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions .....	<b>8</b>	<b>54,151</b>

**9a** Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation.) **u** .....

**b** Check if there was a writedown of subnormal goods ..... **u**

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

**d** If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO ..... **9d**

**e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions .....  Yes  No

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

For Paperwork Reduction Act Notice, see instructions.

Form **1125-A** (Rev. 10-2016)





**Federal Statements**

**Statement 1 - Form 1120S, Page 1, Line 5 - Other Income (Loss)**

Description	Amount
WEB HOSTING	\$
Total	\$ 0

**Statement 2 - Form 1120S, Page 1, Line 19 - Other Deductions**

Description	Amount
BANK SERVICE CHARGE	\$
DUES & SUBSCRIPTION	
COMPUTER AND INTERNET	
CREDIT CARD PROCESSING	
MERCHANT CARD PROCESSING	
PAYMENT PROCESSING	
SHIPPING	473
Telephone/TELECOM	445
ONLINE SERVICES	
OFFICE SUPPLIES	
EQUIPMENT LEASE	
ENGINEERING DEV/CLOUD COMPUTI	
TRAVEL	4,705
PROFESSIONAL SERVICES	1,381
OUTSIDE SERVICES	11,923
DEPRECIATION	
MISCELLANEOUS	767
OFFICE EXPENSE	
REFERRAL FEES	
IMPLEMENTATION FEES	
NETWORK	5,913
BANK FEES	750
CONSULTING	
SOFTWARE DEV AMORT	
Security VERIFICATION	538
ADP PAYROLL FEES	
EMPLOYEE BENEFIT	
GENERAL & ADMINISTRATIVE	
DUPLICATING	
Total	\$ 26,895

**Statement 3 - Form 1120S, Page 4, Schedule L, Line 6 - Other Current Assets**

Description	Beginning of Year	End of Year
PREPAID EXPENSES	\$	\$
Total	\$ 0	\$ 0

**Federal Statements****Statement 4 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
ACCRUED EXPENSES	\$ 165,548	\$ 165,548
NOTES PAYABLE-OTHER	2,159,500	2,159,500
Total	<u>\$ 2,325,048</u>	<u>\$ 2,325,048</u>

**Statement 5 - Form 1120S, Page 4, Schedule L, Line 25 - Adjustments to Shareholders'  
Equity**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Adjustments to Shr Equity	\$ -2,030,619	\$
Total	<u>\$ -2,030,619</u>	<u>\$ 0</u>



# Federal Statements

## Statement 6 - Form 1125-A, Line 5 - Other Costs

<u>Description</u>	<u>Amount</u>
CARD COSTS	\$
REFUND	<u>400</u>
Total	<u>\$ 400</u>

Form <b>1120S</b>	<b>Schedule K-1 Summary Worksheet</b>	<b>2016</b>
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Name <b>ZIPZAP, INC</b>	Employer Identification Number <b>36-4592031</b>
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	Shareholder Name	SSN/EIN
Column A	<b>ALAN SAFAHI</b>	<b>462-41-0052</b>
Column B	<b>SEAN SAFAHI</b>	<b>616-50-8944</b>
Column C		
Column D		

Schedule K Items	Column A	Column B	Column C	Column D	Sch K Total
<b>1</b> Ordinary income	<b>-63,376</b>	<b>-3,336</b>			<b>-66,712</b>
<b>2</b> Net rental RE inc					
<b>3c</b> Net other rental inc					
<b>4</b> Interest income					
<b>5a</b> Ordinary dividends					
<b>5b</b> Qualified dividends					
<b>6</b> Royalties					
<b>7</b> Net ST capital gain					
<b>8a</b> Net LT capital gain					
<b>8b</b> Collectibles 28% gain					
<b>8c</b> Unrecap Sec 1250					
<b>9</b> Net Sec 1231 gain					
<b>10</b> Other income (loss)					
<b>11</b> Sec 179 deduction					
<b>12a</b> Contributions					
<b>12b</b> Invest interest exp					
<b>12c</b> Sec 59(e)(2) exp					
<b>12d</b> Other deductions					
<b>13a</b> Low-inc house 42j5					
<b>13b</b> Low-inc house other					
<b>13c</b> Qualif rehab exp					
<b>13d</b> Rental RE credits					
<b>13e</b> Other rental credits					
<b>13f</b> Biofuel credit					
<b>13g</b> Other credits					
<b>14b</b> Gross inc all src					
<b>14d-f</b> Total foreign inc					
<b>14g-k</b> Total foreign ded					
<b>14l</b> Total foreign taxes					
<b>14m</b> Reduct in taxes					
<b>15a</b> Depr adjustment					
<b>15b</b> Adjusted gain (loss)					
<b>15c</b> Depletion					
<b>15d</b> Inc-oil/gas/geoth					
<b>15e</b> Ded-oil/gas/geoth					
<b>15f</b> Other AMT items					
<b>16a</b> Tax-exempt interest					
<b>16b</b> Other tax-exempt					
<b>16c</b> Nonded expense					
<b>16d</b> Distributions					
<b>16e</b> Shr loan repmts					
<b>17a</b> Investment income					
<b>17b</b> Investment expense					
<b>18</b> Income (loss)	<b>-63,376</b>	<b>-3,336</b>			<b>-66,712</b>

## Retained Earnings Reconciliation Worksheet

Form **1120S****2016**

For calendar year 2016 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name

Employer Identification Number

**ZIPZAP, INC****36-4592031**

## Schedule L - Retained Earnings

Retained Earnings - Unappropriated	<u>-329,269</u>
Accumulated Adjustments Account	<u>-2,701,524</u>
Other Adjustments Account	<u>-1,188</u>
Undistributed Previously Taxed Income	<u>0</u>
Schedule L, Line 24 - Retained Earnings	<u><u>-3,031,981</u></u>

## Schedule M-2 - Retained Earnings

	Accumulated Adjustments Account	Other Adjustments Account	Undistributed Previously Taxed Income	Retained Earnings Unappropriated/ Timing Differences	Total Retained Earnings
Beg Yr Bal	<u>-2,634,812</u>	<u>-1,188</u>	<u>0</u>	<u>1,753,715</u>	<u>-882,285</u>
Ordinary Inc (Loss)	<u>-66,712</u>				<u>-66,712</u>
Other Additions					
Other Reductions				<u>2,082,984</u>	<u>2,082,984</u>
Distributions					
End Yr Bal	<u><u>-2,701,524</u></u>	<u><u>-1,188</u></u>	<u><u>0</u></u>	<u><u>-329,269</u></u>	<u><u>-3,031,981</u></u>

Form <b>1120S</b>	<b>Two Year Comparison Worksheet Page 1</b>	<b>2015 &amp; 2016</b>
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Name <b>ZIPZAP, INC</b>	Employer Identification Number <b>36-4592031</b>
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		2015	2016	Differences
<b>Income</b>	Gross profit percentage .....	<b>92.9379</b>	<b>-275.3448</b>	<b>-368.2827</b>
	Net receipts .....	<b>145,226</b>	<b>14,427</b>	<b>-130,799</b>
	Cost of goods sold .....	<b>10,256</b>	<b>54,151</b>	<b>43,895</b>
	Gross profit .....	<b>134,970</b>	<b>-39,724</b>	<b>-174,694</b>
	Net gain (loss) from Form 4797 .....			
	Other income (loss) .....	<b>856</b>		<b>-856</b>
	<b>Total income (loss)</b> .....	<b>135,826</b>	<b>-39,724</b>	<b>-175,550</b>
<b>Deductions</b>	Compensation of officers .....			
	Salaries and wages less employment credits .....	<b>64,710</b>		<b>-64,710</b>
	Repairs and maintenance .....			
	Bad debts .....			
	Rents .....	<b>8,500</b>		<b>-8,500</b>
	Taxes and licenses .....			
	Interest .....			
	Depreciation .....			
	Depletion .....			
	Advertising .....	<b>2,541</b>	<b>93</b>	<b>-2,448</b>
	Pension, profit-sharing, etc., plans .....			
	Employee benefit programs .....			
	Other deductions .....	<b>96,127</b>	<b>26,895</b>	<b>-69,232</b>
	<b>Total deductions</b> .....	<b>171,878</b>	<b>26,988</b>	<b>-144,890</b>
	<b>Ordinary business income (loss)</b> .....	<b>-36,052</b>	<b>-66,712</b>	<b>-30,660</b>
<b>Tax and Payments</b>	Excess net passive income or LIFO recapture tax .....			
	Tax from Schedule D .....			
	<b>Total tax</b> .....	<b>0</b>	<b>0</b>	<b>0</b>
	Estimated tax and prior year overpayment credited .....			
	Tax deposited with Form 7004 .....			
	Credit for federal tax paid on fuels .....			
	Refund applied for on Form 4466 .....	( )	( )	
	<b>Total payments and credits</b> .....			
	<b>Tax due (overpayment)</b> .....	<b>0</b>	<b>0</b>	<b>0</b>
	Estimated tax penalty from Form 2220 .....			
Penalties and interest .....				
	<b>Net tax due (overpayment)</b> .....	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Overpayment credited to next year's estimated tax</b> .....			
	<b>Overpayment refunded</b> .....			

Form <b>1120S</b>	<b>Two Year Comparison Worksheet Page 2</b>	<b>2015 &amp; 2016</b>
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Name <b>ZIPZAP, INC</b>	Employer Identification Number <b>36-4592031</b>
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		2015	2016	Differences
<b>Income (Loss)</b>	Ordinary business income (loss) .....	-36,052	-66,712	-30,660
	Net rental real estate income (loss) .....			
	Other net rental income (loss) .....			
	Interest income .....			
	Dividends .....			
	Royalties .....			
	Net short-term capital gain (loss) .....			
	Net long-term capital gain (loss) .....			
	Net Section 1231 gain (loss) .....			
Other income (loss) .....				
<b>Deductions</b>	Section 179 deduction .....			
	Charitable contributions .....			
	Investment interest expense .....			
	Section 59(e)(2) expenditures .....			
	Other deductions .....			
<b>Credits</b>	Low-income housing credit (Section 42(j)(5)) .....			
	Low-income housing credit (other) .....			
	Qualified rehabilitation expenditures (rental real estate) .....			
	Other rental real estate credits .....			
	Other rental credits .....			
	Biofuel producer credit .....			
Other credits .....				
<b>Foreign Transactions</b>	Total foreign gross income .....			
	Total foreign deductions .....			
	Total foreign taxes .....			
	Reduction in taxes available for credit .....			
<b>AMT Items</b>	Post-1986 depreciation adjustment .....			
	Adjusted gain or loss .....			
	Depletion (other than oil and gas) .....			
	Oil, gas, and geothermal properties-gross income .....			
	Oil, gas, and geothermal properties-deductions .....			
Other AMT items .....				
<b>Items Affecting S/H Basis</b>	Tax-exempt interest income .....			
	Other tax-exempt income .....			
	Nondeductible expenses .....			
	Distributions .....			
Repayment of loans from shareholders .....	35,000		-35,000	
<b>Other Information</b>	Investment income .....			
	Investment expenses .....			
	Dividend distributions paid from accumulated E&P .....			
	Income (loss) (if Schedule M-1 is required) .....	-36,052	-66,712	-30,660

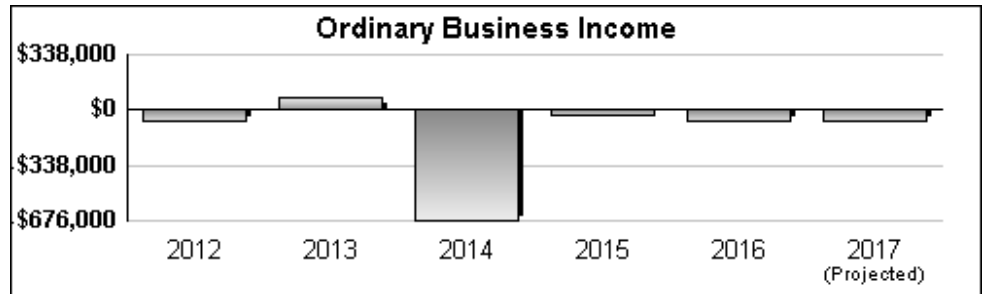
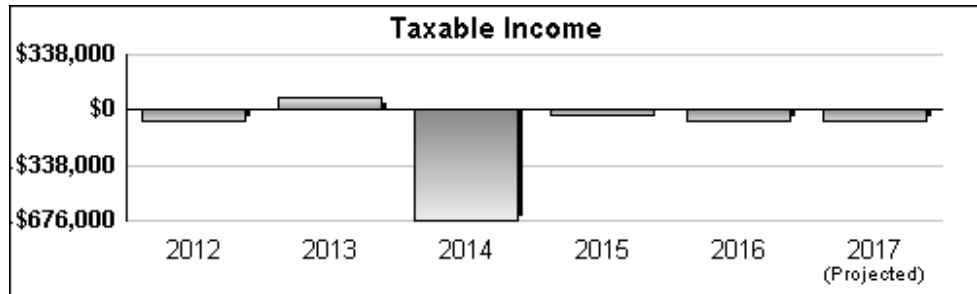
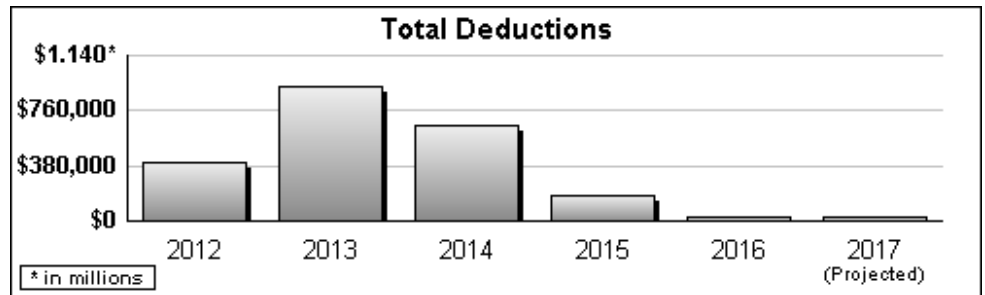
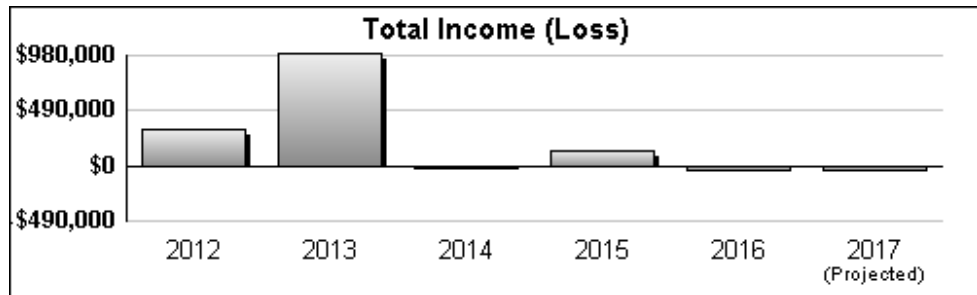
Form <b>1120S</b>	<b>Two Year Comparison Worksheet Page 3</b>	<b>2015 &amp; 2016</b>
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Name <b>ZIPZAP, INC</b>	Employer Identification Number <b>36-4592031</b>
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		2015	2016	Differences
<b>Schedule L</b>	Beginning assets .....	134,144	83,959	-50,185
	Beginning liabilities and equity .....	134,144	83,959	-50,185
	Ending assets .....	83,959	32,742	-51,217
	Ending liabilities and equity .....	83,959	32,742	-51,217
<b>Schedule M-1</b>	Net income (loss) per books .....	-36,052	-66,712	-30,660
	Taxable income not on books .....			
	Book expenses not deducted .....			
	Income on books not on return .....			
	Return deductions not on books .....			
	Income (loss) per return .....	-36,052	-66,712	-30,660
<b>Schedule M-2 AAA</b>	Balance at beginning of year .....	-2,598,760	-2,634,812	-36,052
	Ordinary income (loss) from page 1 .....	-36,052	-66,712	-30,660
	Other additions .....			
	Other reductions .....			
	Distributions other than dividend distributions .....			
Balance at end of year .....	-2,634,812	-2,701,524	-66,712	
<b>Schedule M-2 OAA</b>	Balance at beginning of year .....	-1,188	-1,188	
	Other additions .....			
	Other reductions .....			
	Distributions other than dividend distributions .....			
	Balance at end of year .....	-1,188	-1,188	
<b>Schedule M-2 PTI</b>	Balance at beginning of year .....			
	Distributions other than dividend distributions .....			
	Balance at end of year .....			
<b>Schedule M-3</b>	Total income (loss) items:			
	Income (loss) per income statement .....			
	Temporary difference .....			
	Permanent difference .....			
	Income (loss) per tax return .....			
	Total expense/deduction items:			
	Expense per income statement .....			
	Temporary difference .....			
	Permanent difference .....			
	Deduction per tax return .....			
	Other items with no differences:			
	Income (loss) per income statement .....			
	Income (loss) per tax return .....			
	Reconciliation totals:			
	Income (loss) per income statement .....			
	Temporary difference .....			
Permanent difference .....				
Income (loss) per tax return .....				

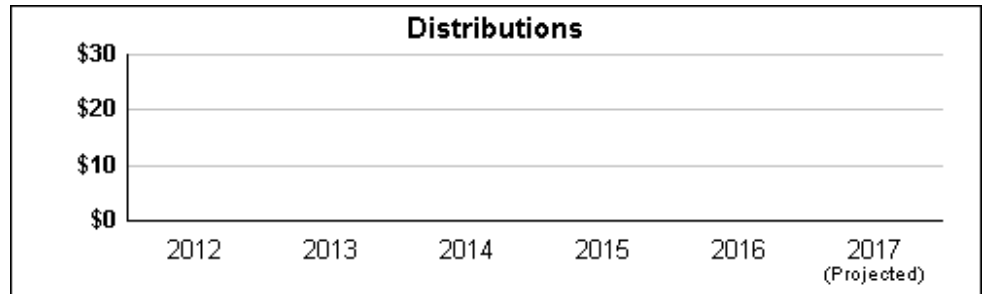
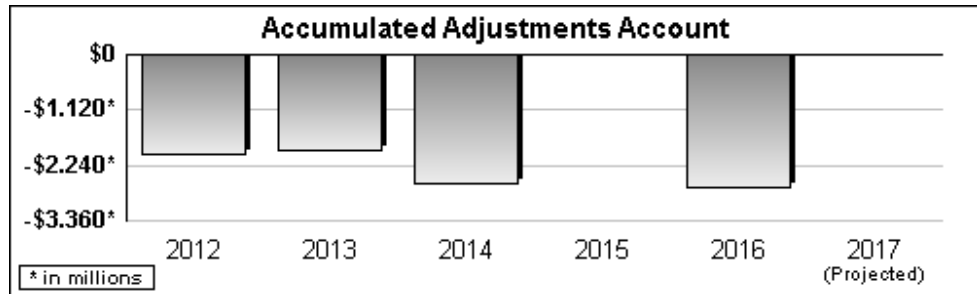
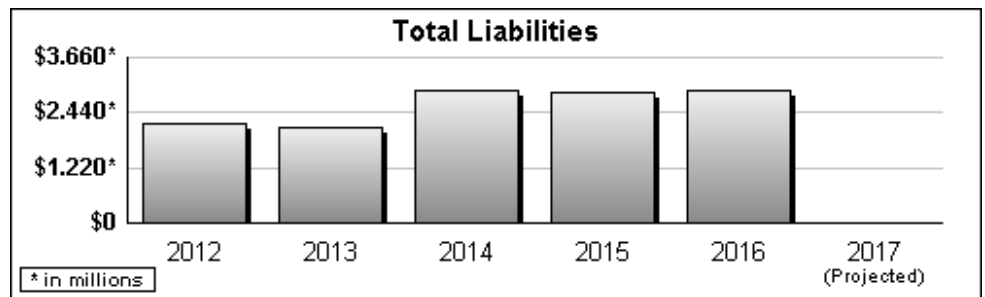
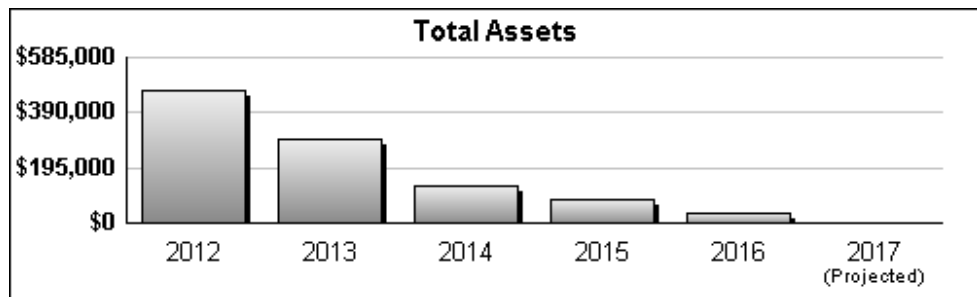
Name **ZIPZAP, INC** Employer Identification Number **36-4592031**

	2012	2013	2014	2015	2016	2017 Projected
Net receipts	326,809	1,213,421	1,135,000	145,226	14,427	14,427
Cost of goods sold		215,448	1,154,609	10,256	54,151	54,151
<b>Gross profit</b>	<b>326,809</b>	<b>997,973</b>	<b>-19,609</b>	<b>134,970</b>	<b>-39,724</b>	<b>-39,724</b>
<b>Gross profit percentage</b>	<b>100.0000</b>	<b>82.2446</b>	<b>-1.7277</b>	<b>92.9379</b>	<b>-275.3448</b>	<b>-275.3448</b>
Other income (loss)				856		
<b>Total income (loss)</b>	<b>326,809</b>	<b>997,973</b>	<b>-19,609</b>	<b>135,826</b>	<b>-39,724</b>	<b>-39,724</b>
Officer compensation						
Salaries and wages	144,880	157,335	161,078	64,710		
Bad debts						
Taxes and licenses		1,955				
Interest						
Depreciation						
Depletion (other than oil and gas)						
Pension and employee benefits						
Other deductions	252,505	761,652	495,388	107,168	26,988	26,988
<b>Total deductions</b>	<b>397,385</b>	<b>920,942</b>	<b>656,466</b>	<b>171,878</b>	<b>26,988</b>	<b>26,988</b>
<b>Ordinary business income (loss)</b>	<b>-70,576</b>	<b>77,031</b>	<b>-676,075</b>	<b>-36,052</b>	<b>-66,712</b>	<b>-66,712</b>



Name **ZIPZAP, INC** Employer Identification Number **36-4592031**

	2012	2013	2014	2015	2016	2017 Projected
Ordinary business income (loss)	-70,576	77,031	-676,075	-36,052	-66,712	-66,712
Total rental income (loss)						
Interest, dividends and royalties						
Total capital gain (loss)						
Section 1231 gain (loss)						
Other income (loss)						
Section 179 deduction						
Charitable contributions						
Other deductions						
Total foreign taxes						
<b>S Corporation taxable income (loss)</b>	<b>-70,576</b>	<b>77,031</b>	<b>-676,075</b>	<b>-36,052</b>	<b>-66,712</b>	<b>-66,712</b>
Total assets	468,543	295,443	134,144	83,959	32,742	
Total liabilities	2,179,665	2,104,579	2,912,348	2,863,594	2,931,094	
<b>Net equity</b>	<b>-1,711,122</b>	<b>-1,809,136</b>	<b>-2,778,204</b>	<b>-2,779,635</b>	<b>-2,898,352</b>	
S Corporation book income (loss)	-70,576	77,031	-676,075	-36,052	-66,712	
Accumulated adjustments account	-1,999,716	-1,922,685	-2,598,760		-2,701,524	
Retained earnings unappropriated	-81,787	-81,787	-81,787	-882,285	-329,269	
Distributions from S Corporation earnings						
Dividend distributions						





**Shareholder's Basis Worksheet Page 1**

**2016**

Form **1120S**

**Schedule K-1**

For calendar year 2016 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name **ZIPZAP, INC**  
**ALAN SAFAHI**

Taxpayer Identification Number **36-4592031**  
**462-41-0052**

**Stock Basis**

1. Beginning of year stock basis .....	
2. Capital contributions .....	
<b>Additions:</b>	
3. Ordinary business income .....	
4. Net rental income .....	
5. Interest, dividends, royalties and net capital gains .....	
6. Net Section 1231 gain .....	
7. Tax-exempt interest and other income .....	
8. Other income .....	
9. Gain on disposal of Section 179 assets .....	
10. Other increases .....	
11. Subtotal (Add line 1 through line 10) .....	
<b>Subtractions:</b>	
12. Distributions .....	
13. Total losses and deductions applied against stock basis (See Shareholder's Basis Worksheet Page 2) .....	
14. Other decreases .....	
15. Amount used to restore loan basis .....	
16. End of year stock basis (Subtract the sum of lines 12 through 15 from line 11) .....	<b>0</b>

**Loan Basis**

17. Beginning of year loan basis .....	<b>539,296</b>
18. Loans to corporation .....	
19. Loan basis restored - amount used in prior years to offset losses .....	
20. Other increases .....	
21. Loan repayments .....	
22. Total losses and deductions applied against loan basis (See Shareholder's Basis Worksheet Page 2) .....	<b>63,376</b>
23. Other decreases .....	
24. End of year loan basis (Subtract the sum of lines 21 through 23 from the sum of lines 17 through 20) .....	<b>475,920</b>
25. End of year stock and loan basis (Add line 16 and line 24) .....	<b>475,920</b>
Principal amount of loan owed to shareholder at end of the year .....	<b>538,545</b>

**Gain Recognized on Excess Distributions**

26. Distributions .....	
27. Stock basis before distributions and loss items .....	
28. Gain recognized on excess distributions (Subtract line 27 from line 26) .....	

**Gain Recognized on Repayment of Shareholder Loan**

29. Loan basis at beginning of tax year .....	
30. Loan basis restored - amount used in prior years to offset losses .....	
31. Loan basis before loan repayment (Add line 29 and line 30) .....	
32. Shareholder loan at beginning of tax year .....	
33. Loan repayments to shareholder during tax year .....	
34. Nontaxable return of loan basis ((Line 31 divided by line 32) multiplied by line 33) .....	
35. Gain recognized on repayment of shareholder loan (Subtract line 34 from line 33) .....	

Note to shareholder: This worksheet was prepared based on corporation records. Please consult with your tax advisor for adjustments.

**Shareholder's Basis Worksheet Page 2**

**2016**

Form **1120S**  
**Schedule K-1**

For calendar year 2016 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name  
**ZIPZAP, INC**  
**ALAN SAFAHI**

Taxpayer Identification Number  
**36-4592031**  
**462-41-0052**

**Loss Allocated to Stock and Loan Basis**

	Suspended Losses	Current Year Loss	Total Loss	Percent	Allowed Stock Loss	Disallowed Loss	Percent	Allowed Loan Loss	Loss to Carryforward	Total Allowed Loss
Nondeductible noncap expenses										
Deductible items:										
Ordinary business loss .....		63,376	63,376	100.00		63,376	100.00	63,376		63,376
Net rental real estate loss .....										
Other net rental loss .....										
Short-term capital loss .....										
Long-term capital loss .....										
Net Section 1231 loss .....										
Other portfolio loss .....										
Other losses .....										
Section 179 expense .....										
Cash contributions (50%) .....										
Cash contributions (30%) .....										
Noncash contributions (50%) .....										
Qual conserv contrib (50%) .....										
Noncash contributions (30%) .....										
Cap gain prop 50% org (30%) .....										
Cap gain prop (20%) .....										
Qual conserv contrib (100%) .....										
Portfolio deductions (2% floor) .....										
Portfolio deductions (other) .....										
Investment interest expense .....										
Deductions-royalty income .....										
Section 59(e)(2) expend .....										
Preproductive period exp .....										
Commercial revitalization ded .....										
Reforestation expense ded .....										
Other deductions .....										
Foreign taxes .....										
Loss on disposal of 179 assets .....										
Total deductible items .....		<u>63,376</u>	<u>63,376</u>	<u>100.00</u>		<u>63,376</u>	<u>100.00</u>	<u>63,376</u>		<u>63,376</u>
Total nonded and deductible items		<u>63,376</u>	<u>63,376</u>			<u>63,376</u>		<u>63,376</u>		<u>63,376</u>

Note to shareholder: This worksheet was prepared based on corporation records. Please consult with your tax advisor for adjustments.

**Federal Statements****Form 1120S, Page 1, Line 12 - Taxes and Licenses**

<u>Description</u>	<u>Amount</u>
Other Taxes and Licenses	\$
Employer Taxes	
Total	\$ <u>0</u>

**Form 1120S, Page 4, Schedule L, Line 2a - Trade Notes and Accounts Receivable**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
ACCOUNTS RECEIVABLE	\$ 2,952	\$ 2,952
Total	\$ <u>2,952</u>	\$ <u>2,952</u>

**Form 1120S, Page 4, Schedule L, Line 3 - Inventories**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Total	\$ <u>23,615</u>	\$ <u>23,615</u>

**Form 1120S, Page 4, Schedule L, Line 20 - Mortgages, Notes, Bonds Payable in One Year or More**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
NOTE PAYABLE-NON CURRENT	\$ 538,546	\$ 606,046
Total	\$ <u>538,546</u>	\$ <u>606,046</u>