

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

**2007**

For calendar year 2007 or tax year beginning , 2007, and ending

Use IRS label. Otherwise, print or type.	Hoshi Terrace Homeowners' Association c/o Selective Properties, Inc. P.O. Box 11520 Zephyr Cove, NV 89448	Employer identification number (see instructions) 77-0074237
		Date association formed 1/01/1999

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

A Check type of homeowner's association:  Condominium management association  Residential real estate association  Timeshare association

B Total exempt function income. Must meet 60% gross income test (see instructions) . . . . .	B	49,179.
C Total expenditures made for purposes described in 90% expenditure test (see instructions) . . . . .	C	42,864.
D Association's total expenditures for the tax year (see instructions). . . . .	D	42,864.
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	857.
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 schedule). . . . .	7	
8 <b>Gross income</b> (excluding exempt function income). Add lines 1 through 7 . . . . .	8	857.

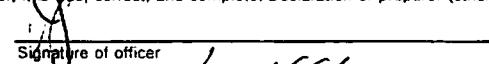
**Deductions (directly connected to the production of gross income, excluding exempt function income)**


9 Salaries and wages. . . . .	9	
10 Repairs and maintenance . . . . .	10	
11 Rents . . . . .	11	
12 Taxes and licenses . . . . .	12	
13 Interest . . . . .	13	
14 Depreciation (attach Form 4562) . . . . .	14	
15 Other deductions (attach schedule). . . . . See Statement 1 . . . . .	15	301.
16 <b>Total deductions.</b> Add lines 9 through 15 . . . . .	16	301.
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8. . . . .	17	556.
18 <b>Specific deduction of \$100.</b> . . . . .	18	\$100.

**Tax and Payments**

19 Taxable income. Subtract line 18 from line 17. . . . .	19	456.
20 Enter 30% of line 19. (Timeshare associations, enter 32% of line 19.) . . . . .	20	137.
21 Tax credits (see instructions) . . . . .	21	
22 <b>Total tax.</b> Subtract line 21 from line 20. See instructions for recapture of certain credits. . . . .	22	137.
23 Payments: a 2006 overpayment credited to 2007. . . . . 23 a		
b 2007 estimated tax payments. . . . . 23 b		
c Total ▶ 23 c		0.
d Tax deposited with Form 7004. . . . . 23 d		
e Credit for tax paid on undistributed capital gains (attach Form 2439). . . . . 23 e		
f Credit for federal tax on fuels (attach Form 4136). . . . . 23 f		
g Add lines 23c through 23f . . . . . 23 g		0.
24 <b>Amount owed.</b> Subtract line 23g from line 22 (see instructions). . . . .	24	137.
25 <b>Overpayment.</b> Subtract line 22 from line 23g. . . . .	25	
26 Enter amount of line 25 you want: <b>Credited to 2008 estimated tax.</b> ▶ Refunded ▶ 26		

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.

Sign Here		3.17.08	President	May the IRS discuss this return with the preparer shown below? (see instrs) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Signature of officer	Date	Title	

Paid Preparer's Use Only		Date	2/27/08	Check if self-employed... <input checked="" type="checkbox"/>	Preparer's SSN or PTIN	P00289505
	Firm's name (or yours if self-employed), address, and ZIP code	Daniel G. Kabat, CPA 1042 Mica Drive Carson City, NV 89705		EIN	88-0243719	
				Phone no.	(775) 267-9989	

2007

Federal Statements

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Hoshi Terrace Homeowners' Association

77-0074237

08:08AM

2/27/08

Statement 1  
Form 1120-H, Line 15  
Other Deductions

Tax preparation.....	\$	301.
	Total	<u>\$ 301.</u>

Prepared by \_\_\_\_\_

# Hoshi Terrace Homeowners Association Adjusting Journal Entries

HOSHI

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02/27/08 07:50 AM

Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
A01	Adjusting	01/01/07					
		3200	Opening balance equity	33,860.39			
		3100	Owner equity		33,860.39		
			Transfer opening balance to proper equity account			0.00	R-1
A02	Adjusting	12/31/07					
		4100	Interest income		30.25		
		1150	Cash-CD	30.25			
			Record CD interest income			30.25	T-2
		TOTAL		<u>33,890.64</u>	<u>33,890.64</u>	<u>30.25</u>	

**Hoshi Terrace Homeowners Association  
Trial Balance Worksheet**

Basis: Adjusted

Account	T	Description	Dec 31, 2006	Dec 31, 2007 Unadjusted	Adjustments	Dec 31, 2007 Adjusted	Workpaper
1000	A	Cash-Colonial checking	503.88	6,241.67		6,241.67	A-1
1010	A	Cash-Colonial savings	6,982.55	21,313.74		21,313.74	A-2
1050	A	Cash-NV CU liquid assets	29,955.65	0.00		0.00	
1100	A	Cash-NV CU shares	28.13	0.00		0.00	
1150	A	Cash-CD A02 Record CD interest income	0.00	10,000.00	30.25	10,030.25	N&Q T-2
1200	A	Accounts receivable	(3,609.82)	2,755.39		2,755.39	B-1
1300	A	Undeposited funds	0.00	390.00		390.00	ok
2100	L	Accounts payable	0.00	0.00		0.00	
3100	L	Owner equity A01 Transfer opening balance to proper equity account	(38,345.21)	0.00	(33,860.39)	(33,860.39)	R-1 R-1
3200	L	Opening balance equity A01 Transfer opening balance to proper equity account	0.00	(33,860.39)	33,860.39	0.00	R-1
4050	R	Dues income	(42,960.00)	(42,960.00)		(42,960.00)	
4100	R	Interest income A02 Record CD interest income	(1,470.44)	(1,498.08)	(30.25)	(1,528.33)	T-1,T-2 T-2
4150	R	Miscellaneous income	(100.00)	(100.00)		(100.00)	
4200	R	Reserve income	(1,800.00)	(4,500.00)		(4,500.00)	
4250	R	Washer and dryer income	(192.55)	(947.50)		(947.50)	
6500	E	Bank charges	42.00	0.00		0.00	
7300	E	Insurance	8,260.00	15,705.38		15,705.38	
7500	E	Legal and accounting	562.00	1,685.00		1,685.00	
7600	E	Management fees	3,780.00	4,320.00		4,320.00	
7800	E	Miscellaneous	0.00	33.94		33.94	
7900	E	Office supplies	307.15	369.28		369.28	
7950	E	Permits	125.00	0.00		0.00	
8000	E	Postage	60.52	0.00		0.00	
8200	E	Repairs and maintenance	28,703.70	10,501.39		10,501.39	
8400	E	Snow removal	610.00	1,061.00		1,061.00	
8500	E	Taxes	261.00	643.33		643.33	
8600	E	Telephone	39.43	91.68		91.68	
8800	E	Utilities	8,257.01	8,754.17		8,754.17	
		Total	0.00	0.00	0.00	0.00	
		Profit/(Loss)	(4,484.82)	6,840.41	30.25	6,870.66	

**Hoshi Terrace Homeowners Association**  
**Trial Balance**  
As of December 31, 2007

	Debit	Credit
1000 Colonial Bank #8031023552	6,241.67	
1050 Colonial Savings #8048118353	21,313.74	
1110 NVCU #820750:NVCU checking	0.00	
1120 NVCU #820750:NVCU Liquid Asset Acct.	0.00	
1130 NVCU #820750:NVCU Share Acct.	0.00	
1150 Hoshi CD #8049766507	10,030.25	
1200 Accounts Receivable	2,755.39	
1300 Undeposited Funds	390.00	
2100 Accounts Payable		0.00
3200 Opening Balance Equity		33,860.39
4050 Dues Income		42,960.00
4100 Interest Income		1,528.33
4150 Miscellaneous Income		100.00
4200 Reserve Income		4,500.00
4250 Washer & Dryer		947.50
7300 Insurance	15,705.38	
7500 Legal & Accounting	1,685.00	
7600 Management Fees	4,320.00	
7800 Miscellaneous Expense	33.94	
7900 Office Supplies	369.28	
8200 Repair & Maintenance	10,501.39	
8400 Snow Removal	1,061.00	
8500 Taxes & Licenses	643.33	
8600 Telephone	91.68	
8800 Utilities	8,754.17	
<b>TOTAL</b>	<b>\$83,896.22</b>	<b>\$83,896.22</b>

Tuesday, Mar 11, 2008 01:07:07 PM GMT-7 - Accrual Basis