

2011 Franchise or Income Tax Return — Water's-Edge Filers

For calendar year 2011 or fiscal year beginning month day year, and ending month day year.

Corporation name California corporation number

Address (suite, room, or PMB no.) FEIN

City State ZIP Code

Schedule Q Questions (continued on Side 2)
A 1. FINAL RETURN?
B 1. Is income included in a combined report of unitary group?

Table with 3 columns: Description, Line Number, Amount. Rows include State Adjustments (1-18) and CA Net Income (19-23).

Table with 3 columns: Description, Line Number, Amount. Rows include CA Net Income (19-23) and Taxes (24-31).

Table with 3 columns: Description, Line Number, Amount. Rows include Taxes (24-31) and Payments (32-36).

Table with 3 columns: Description, Line Number, Amount. Rows include Payments (32-36).

Refund or Amount Due	<b>37 Tax due.</b> If line 31 is more than line 36, subtract line 36 from line 31. Go to line 41 . . . . .	● <b>37</b>		00
	<b>38 Overpayment.</b> If line 36 is more than line 31, subtract line 31 from line 36 . . . . .	● <b>38</b>		00
	<b>39</b> Amount of line 38 to be credited to 2012 estimated tax . . . . .	● <b>39</b>		00
	<b>40 Refund.</b> Amount of line 38 to be refunded. Line 38 less line 39. . . . .	● <b>40</b>		00
	See instructions to have the refund directly deposited. <b>a</b> Routing number . . . . .	● <b>40a</b>		
	<b>b</b> Type: Checking ● <input type="checkbox"/> Savings ● <input type="checkbox"/> <b>c</b> Account number . . . . .	● <b>40c</b>		
	<b>41 a</b> Penalties and interest. . . . .	● <b>41a</b>		00
	<b>b</b> ● <input type="checkbox"/> Check if estimate penalty computed using Exception B or C. See instructions.			
	<b>42 Total amount due.</b> Add line 37 and line 41a. Pay this amount . . . . .	<b>42</b>		00

**Schedule Q Questions (continued from Side 1)**

**C** This return is being filed pursuant to a water's-edge election under R&TC Section 25113, commencing on ● (enter date) \_\_\_\_/\_\_\_\_/\_\_\_\_

**D** Was the corporation's income included in a consolidated federal return? . . . . . ●  Yes  No

**E** Principal business activity code. (Do not leave blank): . . . . . ● \_\_\_\_\_  
 Business activity \_\_\_\_\_  
 Product or service \_\_\_\_\_

**F** Date incorporated: \_\_\_\_/\_\_\_\_/\_\_\_\_  
 Where: ● State \_\_\_\_ Country \_\_\_\_\_

**G** Date business began in California or date income was first derived from California sources ● \_\_\_\_/\_\_\_\_/\_\_\_\_

**H** First return? ●  Yes  No If "Yes" and this corporation is a successor to a previously existing business, check the appropriate box.  
 ● (1)  sole proprietorship (2)  partnership (3)  joint venture  
 (4)  corporation (5)  other  
 (attach statement showing name, address, and FEIN/SSN/ITIN of previous business)

**I** "Doing business as" name. See instructions: ● \_\_\_\_\_

If 1 or 3 is "Yes," enter the country of the ultimate parent ● \_\_\_\_\_

If 1, 2, or 3 is "Yes," furnish a statement of ownership indicating pertinent names, addresses, and percentages of stock owned. If the owner(s) is an individual, provide the SSN/ITIN.

**L** Has the corporation included a reportable transaction or listed transaction within this return? (See instructions for definitions) . . . . . ●  Yes  No  
 If "Yes," complete and attach federal Form 8886 for each transaction.

**M** Is this corporation apportioning income to California using Schedule R? . . . . . ●  Yes  No

**N** How many affiliates in the combined report are claiming immunity from taxation in California under Public Law 86-272? ● \_\_\_\_\_

**O** Corporation headquarters are: ● (1)  Within California (2)  Outside of California, within the U.S. (3)  Outside of the U.S.

**P** Location of principal accounting records \_\_\_\_\_

**Q** Accounting method: ● (1)  Cash (2)  Accrual (3)  Other

**R** Does this corporation or any of its subsidiaries have a Deferred Intercompany Stock Account (DISA)? . . . . ●  Yes  No  
 If "Yes," enter the total balance of all DISAs ● \$ \_\_\_\_\_

**S** Is this corporation or any of its subsidiaries a RIC? . . ●  Yes  No

**T** Is this corporation treated as a REMIC for California purposes? . . . . . ●  Yes  No

**U** Is this corporation a REIT for California purposes? . . ●  Yes  No

**V** Is this corporation an LLC or limited partnership electing to be taxed as a corporation for federal purposes? . . . . . ●  Yes  No

**W** Is this corporation to be treated as a credit union? . . ●  Yes  No

**X** Is the corporation under audit by the IRS or has it been audited by the IRS in a prior year? . . . . . ●  Yes  No

**Y** Have all required information returns (e.g. federal Forms 1099, 5471, 5472, 8300, 8865, etc.) been filed with the Franchise Tax Board? . . . . .  N/A  Yes  No

**Z** Does the taxpayer (or any corporation of the taxpayer's combined group, if applicable) own 80% or more of the stock of an insurance company? . . . . .  Yes  No

**AA** Did the corporation file the federal Schedule UTP (Form 1120)? . . . . . ●  Yes  No

**BB** Does any member of the combined report own an SMLLC or generate/claim credits that are attributable to an SMLLC? . . . . .  Yes  No

**J** 1. For this taxable year, was there a change in control or majority ownership for this corporation or any of its subsidiaries that owned or (under certain circumstances) leased real property in California? . ●  Yes  No

2. For this taxable year, did this corporation or any of its subsidiaries acquire control or majority ownership of any other legal entity that owned or (under certain circumstances) leased real property in California? . ●  Yes  No

3. If this corporation or any of its subsidiaries owned or (under certain circumstances) leased real property in California, has more than 50% of the voting stock of any one of them cumulatively transferred in one or more transactions since March 1, 1975, which was not reported on a previous year's tax return? . ●  Yes  No  
 (Penalties may apply – see instructions.)

**K** At any time during the taxable year, was more than 50% of the voting stock:

1. Of the corporation owned by any single interest? . ●  Yes  No

2. Of another corporation owned by this corporation? ●  Yes  No

3. Of this and one or more other corporations owned or controlled, directly or indirectly, by the same interests? ●  Yes  No

<b>Sign Here</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.			
	Signature of officer ▶	Title	Date	● Telephone ( ) _____
<b>Paid Preparer's Use Only</b>	Officer's email address (optional)			( ) _____
	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	● PTIN _____
	Firm's name (or yours, if self-employed) and address ▶			● FEIN _____
				● Telephone ( ) _____
May the FTB discuss this return with the preparer shown above? See instructions . . . . . ● <input type="checkbox"/> Yes <input type="checkbox"/> No				

**Schedule A Taxes Deducted.** Use additional sheet(s) if necessary.

(a) Nature of tax	(b) Taxing authority	(c) Total amount	(d) Nondeductible amount
			00
			00
<b>Total.</b> Enter total of column (c) on Schedule F, line 17, and total of column (d) on Side 1, line 2 or line 3. If the corporation uses California computation method to compute the net income, see instructions. . . . .			00

**Schedule F Computation of Net Income.** See instructions.

<b>Income</b>	<b>1 a</b> Gross receipts or gross sales _____				
	<b>b</b> Less returns and allowance _____			<b>c</b> Balance . . . . . ●	00
	<b>2</b> Cost of goods sold. Attach federal Form 1125-A (California Schedule V) . . . . . ●			<b>2</b>	00
	<b>3</b> Gross profit. Subtract line 2 from line 1c . . . . . ●			<b>3</b>	00
	<b>4</b> Total dividends. Attach federal Schedule C, California Schedule H (100W) . . . . . ●			<b>4</b>	00
	<b>5 a</b> Interest on obligations of the United States and U.S. instrumentalities . . . . . ●			<b>5a</b>	00
	<b>b</b> Other interest. Attach schedule . . . . . ●			<b>5b</b>	00
	<b>6</b> Gross rents . . . . . ●			<b>6</b>	00
	<b>7</b> Gross royalties . . . . . ●			<b>7</b>	00
	<b>8</b> Capital gain net income. Attach federal Schedule D (California Schedule D) . . . . . ●			<b>8</b>	00
	<b>9</b> Ordinary gain (loss). Attach federal Form 4797 (California Schedule D-1) . . . . . ●			<b>9</b>	00
<b>10</b> Other income (loss). Attach schedule . . . . . ●			<b>10</b>	00	
<b>11 Total income.</b> Add line 3 through line 10. . . . . ●			<b>11</b>	00	
<b>Deductions</b>	<b>12</b> Compensation of officers. Attach federal Form 1125-E or equivalent schedule . . . . . ●	<b>12</b>		00	
	<b>13</b> Salaries and wages (not deducted elsewhere) . . . . . ●	<b>13</b>		00	
	<b>14</b> Repairs . . . . . ●	<b>14</b>		00	
	<b>15</b> Bad debts . . . . . ●	<b>15</b>		00	
	<b>16</b> Rents . . . . . ●	<b>16</b>		00	
	<b>17</b> Taxes (California Schedule A). See instructions . . . . . ●	<b>17</b>		00	
	<b>18</b> Interest. Attach schedule . . . . . ●	<b>18</b>		00	
	<b>19</b> Contributions. Attach schedule. . . . . ●	<b>19</b>		00	
	<b>20</b> Depreciation. Attach federal Form 4562 and FTB 3885. . . . . ●	<b>20</b>		00	
	<b>21</b> Less depreciation claimed elsewhere on return . . . . . ●	<b>21a</b>		00	
	<b>22</b> Depletion. Attach schedule . . . . . ●	<b>22</b>		00	
	<b>23</b> Advertising . . . . . ●	<b>23</b>		00	
	<b>24</b> Pension, profit-sharing plans, etc. . . . . ●	<b>24</b>		00	
	<b>25</b> Employee benefit plans. . . . . ●	<b>25</b>		00	
	<b>26 a</b> Total travel and entertainment _____				
	<b>b</b> Deductible amounts . . . . . ●	<b>26b</b>		00	
	<b>27</b> Other deductions. Attach schedule . . . . . ●	<b>27</b>		00	
	<b>28 Total deductions.</b> Add line 12 through line 27. . . . . ●			<b>28</b>	
<b>29</b> Net income before state adjustments. Subtract line 28 from line 11. Enter here and on Side 1, line 1 . . . ●			<b>29</b>	00	

**Schedule J Add-On Taxes and Recapture of Tax Credits.** See instructions.

<b>1</b> LIFO recapture due to S corporation election, IRC Sec. 1363(d) deferral: \$ _____ . . . . . ●	<b>1</b>		00
<b>2</b> Interest computed under the look-back method for completed long-term contracts (Attach form FTB 3834) . . . . . ●	<b>2</b>		00
<b>3</b> Interest on tax attributable to installment: <b>a</b> Sales of certain timeshares and residential lots . . . . . ●	<b>3a</b>		00
<b>b</b> Method for nondealer installment obligations . . . . . ●	<b>3b</b>		00
<b>4</b> IRC Section 197(f)(9)(B)(ii) election. . . . . ●	<b>4</b>		00
<b>5</b> Credit recapture name: _____ . . . . . ●	<b>5</b>		00
<b>6</b> Combine line 1 through line 5, revise Side 2, line 37 or line 38, whichever applies, by this amount. Write "Schedule J" to the left of line 37 or line 38 . . . . . ●	<b>6</b>		00

**Schedule V Cost of Goods Sold**

1	Inventory at beginning of year	1		00
2	Purchases	2		00
3	Cost of labor	3		00
4 a	Additional IRC Section 263A costs. Attach schedule	4a		00
b	Other costs. Attach schedule	4b		00
5	Total. Add line 1 through line 4b	5		00
6	Inventory at end of year	6		00
7	Cost of goods sold. Subtract line 6 from line 5. Enter here and on Side 3, Schedule F, line 2	7		00

Method of inventory valuation ▶ \_\_\_\_\_

Was there any change in determining quantities, costs of valuations between opening and closing inventory?  Yes  No  
If "Yes," attach an explanation.

Enter California seller's permit number, if any ▶ \_\_\_\_\_

Check if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970

If the LIFO inventory method was used for this taxable year, enter the amount of closing inventory under LIFO \_\_\_\_\_

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the corporation?  Yes  No

**The corporation may not be required to complete Schedules L, M-1, and M-2. See Schedule M-1 instructions for reporting requirements.**

**Schedule L Balance Sheet**

	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash				●
2 a Trade notes and accounts receivable			●	
b Less allowance for bad debts	( )		● ( )	●
3 Inventories				●
4 Federal and state government obligations				●
5 Other current assets. Attach schedule(s)				
6 Loans to stockholders/officers. Attach schedule				●
7 Mortgage and real estate loans				●
8 Other investments. Attach schedule(s)				●
9 a Buildings and other fixed depreciable assets			●	
b Less accumulated depreciation	( )		● ( )	●
10 a Depletable assets				
b Less accumulated depletion	( )		( )	
11 Land (net of any amortization)				●
12 a Intangible assets (amortizable only)			●	
b Less accumulated amortization	( )		( )	
13 Other assets. Attach schedule(s)				●
14 <b>Total assets</b>				●
<b>Liabilities and Stockholders' Equity</b>				
15 Accounts payable				●
16 Mortgages, notes, bonds payable in less than 1 year				●
17 Other current liabilities. Attach schedule(s)				
18 Loans from stockholders. Attach schedule(s)				●
19 Mortgages, notes, bonds payable in 1 year or more				●
20 Other liabilities. Attach schedule(s)				●
21 Capital stock: a Preferred stock			●	
b Common stock			●	●
22 Paid-in or capital surplus. Attach reconciliation				●
23 Retained earnings – Appropriated. Attach schedule				
24 Retained earnings – Unappropriated				
25 Adjustments to shareholders' equity. Attach schedule				
26 Less cost of treasury stock		( )		( )
27 <b>Total liabilities and stockholders' equity</b>				

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

If the corporation completed federal Schedule M-3 (Form 1120/1120-F), see instructions.

<p><b>1</b> Net income per books <input type="checkbox"/></p> <p><b>2</b> Federal income tax <input type="checkbox"/></p> <p><b>3</b> Excess of capital losses over capital gains <input type="checkbox"/></p> <p><b>4</b> Taxable income not recorded on books this year (itemize) <input type="checkbox"/></p> <p><b>5</b> Expenses recorded on books this year not deducted in this return (itemize) <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>a</b> Depreciation . . . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>b</b> State taxes . . . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>c</b> Travel and entertainment . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>d</b> Other . . . . . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>e</b> Total. Add line 5a through line 5d <input type="checkbox"/></p> <p><b>6</b> Total. Add line 1 through line 5e. <input type="checkbox"/></p>		<p><b>7</b> Income recorded on books this year not included in this return (itemize)</p> <p style="padding-left: 20px;"><b>a</b> Tax-exempt interest \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>b</b> Other . . . . . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>c</b> Total. Add line 7a and line 7b. <input type="checkbox"/></p> <p><b>8</b> Deductions in this return not charged against book income this year (itemize)</p> <p style="padding-left: 20px;"><b>a</b> Depreciation . . . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>b</b> State tax refunds . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>c</b> Other . . . . . \$ <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>d</b> Total. Add line 8a through line 8c <input type="checkbox"/></p> <p><b>9</b> Total. Add line 7c and line 8d <input type="checkbox"/></p> <p><b>10</b> Net income per return. Subtract line 9 from line 6 <input type="checkbox"/></p>	
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**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books** (Side 4, Schedule L, line 24)

<p><b>1</b> Balance at beginning of year <input type="checkbox"/></p> <p><b>2</b> Net income per books <input type="checkbox"/></p> <p><b>3</b> Other increases (itemize) <input type="checkbox"/></p> <p><b>4</b> Total. Add line 1 through line 3 <input type="checkbox"/></p>		<p><b>5</b> Distributions: <b>a</b> Cash <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>b</b> Stock <input type="checkbox"/></p> <p style="padding-left: 20px;"><b>c</b> Property <input type="checkbox"/></p> <p><b>6</b> Other decreases (itemize) <input type="checkbox"/></p> <p><b>7</b> Total. Add line 5 and line 6 <input type="checkbox"/></p> <p><b>8</b> Balance at end of year. Subtract line 7 from line 4 <input type="checkbox"/></p>	
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**Schedule D California Capital Gains and Losses**

**Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less.** Use additional sheet(s) if necessary.

(a) Kind of property and description (Example, 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain (loss) (d) less (e)	
<b>1</b>						00
						00
						00
						00
						00
<b>2</b> Short-term capital gain from installment sales from form FTB 3805E, line 26 or line 37						<b>2</b> 00
<b>3</b> Unused capital loss carryover from 2010						<b>3</b> 00
<b>4</b> Net short-term capital gain (loss). Combine line 1 through line 3						<b>4</b> 00

**Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year.** Use additional sheet(s) if necessary.

<b>5</b>						00
						00
						00
						00
						00
<b>6</b> Enter gain from Schedule D-1, line 9 and/or any capital gain distributions						<b>6</b> 00
<b>7</b> Long-term capital gain from installment sales from form FTB 3805E, line 26 or line 37						<b>7</b> 00
<b>8</b> Net long-term capital gain (loss). Combine line 5 through line 7						<b>8</b> 00
<b>9</b> Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 8)						<b>9</b> 00
<b>10</b> Net capital gain. Enter excess of net long-term capital gain (line 8) over net short-term capital loss (line 4)						<b>10</b> 00
<b>11</b> Total lines 9 and 10. Enter here and on Form 100W, Side 1, line 5. If losses exceed gains, carry forward losses to 2012						<b>11</b> 00