

FILE COPY

OMB No. 1545-0123

2010

Form **1120**
Department of the Treasury
Internal Revenue ServiceU.S. Corporation Income Tax Return
For calendar year 2010 or tax year beginning _____, ending _____

▶ See separate instructions.

A Check if:

- 1a Consolidated return (attach Form 851) ☐
- b Life/nonlife consolidated return ☐
- 2 Personal holding co. (attach Sch. PH) ☐
- 3 Personal service corp. (see instructions) ☐

4 Schedule M-3 attached ☐Print
or
type

Name **DANA POINT CONDOMINIUM ASSOCIATION
C/O PROPERTY SPECIALISTS, INC.**

Number, street, and room or suite no. If a P.O. box, see instructions.
5999 S. NEW WILKE ROAD, SUITE 108

City or town, state, and ZIP code
ROLLING MEADOWS, IL 60008

B Employer identification number

36-3125426

C Date incorporated

11/24/1980

D Total assets (see instructions)

\$ 1,244,825.

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

Income	1a	Gross receipts or sales		b	Less returns and allowances		c Bal ▶	1c	
	2	Cost of goods sold (Schedule A, line 8)						2	
	3	Gross profit. Subtract line 2 from line 1c						3	
	4	Dividends (Schedule C, line 19)						4	
	5	Interest						5	4,920.
	6	Gross rents						6	59,070.
	7	Gross royalties						7	
	8	Capital gain net income (attach Schedule D (Form 1120))						8	NONE
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)						9	
	10	Other income (see instructions - attach schedule)	SEE STATEMENT 1					10	1,357,431.
	11	Total income. Add lines 3 through 10						11	1,421,421.
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)						12	
	13	Salaries and wages (less employment credits)						13	143,081.
	14	Repairs and maintenance						14	343,283.
	15	Bad debts						15	3,737.
	16	Rents						16	
	17	Taxes and licenses	SEE STATEMENT 2					17	13,166.
	18	Interest						18	
	19	Charitable contributions						19	
	20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)						20	
	21	Depletion						21	
	22	Advertising						22	
	23	Pension, profit-sharing, etc., plans						23	
	24	Employee benefit programs						24	11,325.
	25	Domestic production activities deduction (attach Form 8903)						25	
	26	Other deductions (attach schedule)	SEE STATEMENT 3					26	908,731.
	27	Total deductions. Add lines 12 through 26						27	1,423,323.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11						28	-1,902.
Tax, Refundable Credits, and Payments	29	Less: a Net operating loss deduction (see instructions)	29a	NONE				29c	NONE
		b Special deductions (Schedule C, line 20)	29b						
	30	Taxable income. Subtract line 29c from line 28 (see instructions)						30	-1,902.
	31	Total tax (Schedule J, line 10)						31	
	32a	2009 overpayment credited to 2010	32a						
	b	2010 estimated tax payments	32b						
	c	2010 refund applied for on Form 4466	32c						
	d	Tax deposited with Form 7004	32d						
	e	Credits: (1) Form 2439 (2) Form 4136	32e						
	f	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32f						
32g		32g							
32h		32h							
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached						33		
34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed						34		
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						35		
36	Enter amount from line 35 you want: Credited to 2011 estimated tax						36		

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 *Raymond J. Jagodzinski* Date *3-10-11*

Signature of preparer *Treasurer* 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

STEVEN M. SILBERMAN

Preparer's signature

Date

3/8/11

Check

if

PTIN

self-employed

P00362034

Firm's name ▶ FROST, RUTTENBERG & ROTHBLATT, P.C.

Firm's EIN ▶ 36-3402398

Firm's address ▶ 111 PFINGSTEN RD., SUITE 300
DEERFIELD, IL 60015-4981

Phone no.

847-236-1111

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

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.) ▶

b Check if there was a writedown of subnormal goods**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)**d** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) 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 corporation?☐ Yes ☐ No**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation☐ Yes ☐ No**Schedule C** Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule E Compensation of Officers (see instructions for page 1, line 12)**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))		
2	Income tax. Check if a qualified personal service corporation (see instructions) . STMT. 5.		2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834, line 29	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. <u>531390</u>		
b	Business activity <u>HOMEOWNERS ASSOC</u>		
c	Product or service <u>MANAGEMENT</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation _____		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G).		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G).		X
5	At the end of the tax year, did the corporation:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

Form 1120 (2010)

Schedule K *Continued*

- b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more 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 (iv).

Yes	No
	X

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

- 6** During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)
- If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions.
- If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.
- 7** At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?
- For rules of attribution, see section 318. If "Yes," enter:
- (i)** Percentage owned ▶ _____ and **(ii)** Owner's country ▶ _____
- (c)** The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____
- 8** Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐
- If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.
- 9** Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____
- 10** Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ _____
- 11** If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☐
- If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.
- 12** Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ 21,779.
- 13** Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?
- If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____
- 14** Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?
- If "Yes," complete and attach Schedule UTP.

X
X
X
X

Form **1120** (2010)

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		871,993.		1,143,619.
2a	Trade notes and accounts receivable	73,639.		91,465.	
b	Less allowance for bad debts	(29,000.)	44,639.	(35,000.)	56,465.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)	STMT 6	25,398.		44,741.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)				
15	Total assets		942,030.		1,244,825.
Liabilities and Shareholders' Equity					
16	Accounts payable		160,596.		159,952.
17	Mortgages, notes, bonds payable in less than 1 year		378,436.		136,149.
18	Other current liabilities (attach schedule)	STMT 6	147,909.		73,394.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock				
23	Additional paid-in capital				
24	Retained earnings-Appropriated (attach schedule)		409,191.		
25	Retained earnings - Unappropriated		-154,102.		875,330.
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity		942,030.		1,244,825.

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

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1	Net income (loss) per books	620,241.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains			SEE STATEMENT 7	1,237,285.
4	Income subject to tax not recorded on books this year (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
	SEE STATEMENT 7	21,028.	a	Depreciation \$	
5	Expenses recorded on books this year not deducted on this return (itemize):		b	Charitable contributions \$	
a	Depreciation \$			SEE STATEMENT 7	38,251.
b	Charitable contributions \$		9	Add lines 7 and 8	1,275,536.
c	Travel and entertainment \$		10	Income (page 1, line 28) - line 6 less line 9	-1,902.
	SEE STATEMENT 7	632,365.			
6	Add lines 1 through 5	1,273,634.			

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-154,102.	5	Distributions: a Cash	
2	Net income (loss) per books	620,241.		b Stock	
3	Other increases (itemize):			c Property	
	SEE STATEMENT 7	409,191.	6	Other decreases (itemize):	
4	Add lines 1, 2, and 3	875,330.	7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	875,330.

**SCHEDULE D
(Form 1120)**

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ See separate instructions.

OMB No. 1545-0123

2010

Name **DANA POINT CONDOMINIUM ASSOCIATION
C/O PROPERTY SPECIALISTS, INC.**

Employer identification number
36-3125426

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					

2 Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3 Short-term gain or (loss) from like-kind exchanges from Form 8824	3	
4 Unused capital loss carryover (attach computation).SEE STATEMENT 8	4	(104,546.)
5 Net short-term capital gain or (loss). Combine lines 1 through 4	5	-104,546.

Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year

6					

7 Enter gain from Form 4797, line 7 or 9	7	
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37	8	
9 Long-term gain or (loss) from like-kind exchanges from Form 8824	9	
10 Capital gain distributions (see instructions)	10	
11 Net long-term capital gain or (loss). Combine lines 6 through 10	11	

Part III Summary of Parts I and II

12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11).	12	
13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5).	13	
14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns.	14	NONE

Note. If losses exceed gains, see **Capital losses** in the instructions.

FORM 1120, PAGE 1 DETAIL

LINE 10 - OTHER INCOME

HOMEOWNERS ASSESSMENTS	1,236,464.
LATE CHARGES	4,000.
LAUNDRY INCOME	51,017.
LOCKER INCOME	17,317.
MISCELLANEOUS	27,605.
SEC 277 EXCESS LOSS C/F TO 2011	21,028.

TOTAL	1,357,431.
	=====

FORM 1120, PAGE 1 DETAIL
=====LINE 17 - TAXES AND LICENSES

PAYROLL TAXES

11,956.

LICENSES AND PERMITS

1,210.

TOTAL

13,166.
=====

FORM 1120, PAGE 1 DETAIL

LINE 26 - OTHER DEDUCTIONS

PROFESSIONAL FEES	61,089.
UTILITIES	293,288.
INSURANCE	111,527.
MANAGEMENT FEES	142,090.
BANK CHARGES	3,503.
OFFICE EXPENSE	17,421.
BUILDING EQUIPMENT	4,549.
UNIFORMS	553.
SCAVENGER AND EXTERMINATOR	44,776.
JANITOR SERVICES	98,360.
POOL CONTRACT	25,350.
RENTAL EXPENSE	5,433.
SNOW REMOVAL	26,686.
TELEPHONE	26,898.
WORKERS COMP INSURANCE	5,610.
PAYROLL SERVICE	1,360.
MISCELLANEOUS EXPENSE	1,987.
SEC 277 PRIOR YEAR LOSS C/F	38,251.
TOTAL	908,731.

FORM 1120, PAGE 1 DETAIL

LINE 29A - NON-SRLY NOL DEDUCTION

YEAR ENDING	ORIGINAL NOL	AMOUNT AVAILABLE	AMOUNT USED	CONVERTED CONTRIBUTIONS	CARRYOVER TO NEXT YEAR
12/31/2004	6,969.	1,893.			1,893.
12/31/2005	4,540.	4,540.			4,540.
12/31/2006	425.	425.			425.
12/31/2008	1,910.	1,910.			1,910.
12/31/2009	13,011.	13,011.			13,011.
12/31/2010	1,902.	1,902.			1,902.
TOTAL	28,757.	23,681.			23,681.

FORM 1120, PAGE 3 DETAIL

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SCHEDULE J, LINE 2 - TAX COMPUTATION

1. TAXABLE INCOME	-1,902.
2. SMALLER OF LINE 1 OR \$50,000	
3. SUBTRACT LINE 2 FROM LINE 1	-1,902.
4. SMALLER OF LINE 3 OR \$25,000	
5. SUBTRACT LINE 4 FROM LINE 3	
6. SMALLER OF LINE 5 OR \$9,925,000	
7. SUBTRACT LINE 6 FROM LINE 5	
8. 15% OF LINE 2	
9. 25% OF LINE 4	
10. 34% OF LINE 6	
11. 35% OF LINE 7	
12. EXCESS INCOME OVER \$100,000	
13. 5% OF LINE 12 (NOT TO EXCEED \$11,750)	
14. EXCESS INCOME OVER \$15,000,000	
15. 3% OF LINE 14 (NOT TO EXCEED \$100,000)	

16. TOTAL TAX BEFORE CREDITS	
(SUM OF LINES 8, 9, 10, 11, 13, AND 15)	
=====	

FORM 1120, PAGE 5 DETAIL

SCH L, LINE 6 -
OTHER CURRENT ASSETS

	BEGINNING	ENDING
PREPAID INSURANCE	25,398.	41,789.
PREPAID EXPENSES		2,952.
TOTAL	25,398.	44,741.

SCH L, LINE 18 -
OTHER CURRENT LIABILITIES

ACCRUED INTEREST	674.	220.
DEFERRED REVENUE	3,629.	726.
PREPAID ASSESSMENTS	128,069.	51,935.
SECURITY DEPOSITS	15,537.	16,537.
ACCRUED PAYROLL		3,976.
TOTAL	147,909.	73,394.

FORM 1120, PAGE 5 DETAIL

SCH M-1, LINE 4 - INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS

SEC 277 EXCESS LOSS C/F TO 2011	21,028.
TOTAL	21,028.

SCH M-1, LINE 5 - EXPENSES RECORDED ON BOOKS NOT DEDUCTED ON RETURN

SEC 263 NONDEDUCTIBLE CAPITAL EXPENDITURES	632,365.
TOTAL	632,365.

SCH M-1, LINE 7 - INCOME RECORDED ON BOOKS NOT INCLUDED ON RETURN

SEC 118 RESERVE CONTRIBUTION	1,237,285.
TOTAL	1,237,285.

SCH M-1, LINE 8 - DEDUCTIONS ON RETURN NOT RECORDED ON BOOKS

SEC 277 C/F FROM PRIOR YEARS	38,251.
TOTAL	38,251.

SCH M-2, LINE 3 - OTHER INCREASES

PRIOR PERIOD ADJUSTMENT	409,191.
TOTAL	409,191.

SCHEDULE D DETAIL

LINE 4 - UNUSED CARRYOVERS

TAXABLE YEAR	C/O FR PRIOR YRS	C/O TO NEXT YR
2010		
2009		
2008		
2007		
2006	104,546.	104,546.
2005		
2004		
2003		
2002		
TOTAL	104,546.	104,546.

CARRYBACK

TOTAL FOR LINE 4	104,546.
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