

Form **1120S**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for an S Corporation**

▶ **Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.**
▶ **See separate instructions.**

OMB No. 1545-0130

2008

For calendar year 2008 or tax year beginning , 2008, ending ,

A Selection effective date 03/06/08	Use the IRS label. Otherwise, print or type.	Name Keystone Builders, Inc.	D Employer identification number 26-2168065
B Business activity code number (see instrs) 238100		Number, street, and room or suite no. If a P.O. box, see instructions. 18 Skillin Rd.	E Date incorporated 03/06/08
C Check if Sch M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code Cumberland ME 04021	F Total assets (see instructions) \$ 3,602.

G Is the corporation electing to be an S corporation beginning with this tax year? ☒ Yes ☐ No If 'Yes,' attach Form 2553 if not previously 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 ▶ 2**Caution.** Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

I N C O M E	1 a Gross receipts or sales 79,687.	b Less returns and allowances	c Bal ▶	1 c	79,687.
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	79,687.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4	
	5 Other income (loss) (attach statement)			5	
	6 Total income (loss). Add lines 3 through 5. ▶			6	79,687.
D E D U C T I O N S S E E I N S T R U C T I O N S	7 Compensation of officers			7	35,418.
	8 Salaries and wages (less employment credits)			8	
	9 Repairs and maintenance			9	1,625.
	10 Bad debts			10	
	11 Rents			11	
	12 Taxes and licenses			12	3,189.
	13 Interest			13	
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			14	3,602.
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	
	17 Pension, profit-sharing, etc, plans			17	
	18 Employee benefit programs			18	
	19 Other deductions (attach statement) * .STMT			19	21,264.
	20 Total deductions. Add lines 7 through 19 ▶			20	65,098.
	21 Ordinary business income (loss). Subtract line 20 from line 6			21	14,589.
T A X A N D P A Y M E N T S	22 a Excess net passive income or LIFO recapture tax (see instructions)	22 a		22 c	
	b Tax from Schedule D (Form 1120S)	22 b			
	c Add lines 22a and 22b (see instructions for additional taxes)				
	23 a 2008 estimated tax payments and 2007 overpayment credited to 2008	23 a		23 d	
	b Tax deposited with Form 7004	23 b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23 c			
	d Add lines 23a through 23c			23 d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ <input type="checkbox"/>			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
	27 Enter amount from line 26 Credited to 2009 estimated tax ▶		Refunded ▶	27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Secretary	Title
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May the IRS discuss this return with the preparer shown below (see instructions)?

☐ Yes ☐ No**Paid Preparer's Use Only**

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	Self-Prepared		EIN
			Phone no.

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 statement)	4	
5	Other costs (attach statement)	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 as described in Regulations section 1.471-3
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
 (iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c). ☐

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 B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2 See the instructions and enter the: a Business activity. ▶ <u>Construction services</u> b Product or service. ▶ <u>Residential Carpentry</u>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
6 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 its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) 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 ▶ \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
8 Are the corporation's total receipts (see instructions) 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 and M-1	X	

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	14,589.
2 Net rental real estate income (loss) (attach Form 8825)	
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
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)	10

INCOME (LOSSES)

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions Cash contribution (.50%)	12a	2,132.
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c (2)	
	d Other deductions (see instructions) . . . Type ▶	12d	
Credits	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)	13c	
	d Other rental real estate credits (see instrs) Type ▶	13d	
	e Other rental credits (see instrs) Type ▶	13e	
	f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶		
	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): <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	11.
	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	0.
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. 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 lines 14l	18	12,457.

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Form 1120S (2008)

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

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) 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	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):	a	Tax-exempt interest \$ _____
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 14l (itemize):	6	Deductions included on Schedule K, lines 1 through 12, and 14l, not charged against book income this year (itemize):
a	Depreciation \$ _____	a	Depreciation . . . \$ _____
b	Travel and entertainment \$ _____	7	Add lines 5 and 6.
4	Add lines 1 through 3.	8	Income (loss) (Schedule K, ln 18). Ln 4 less ln 7 . . .

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
1	Balance at beginning of tax year		
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21		
5	Other reductions		
6	Combine lines 1 through 5		
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6.		

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2008Attachment
Sequence No. **67**

Name(s) shown on return

Keystone Builders, Inc.

Identifying number

26-2168065

Business or activity to which this form relates

Form 1120S Line 21

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	500.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	2,042.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B — Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		500.	5.0 yrs	HY	200DB	100.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	960.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	3,602.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

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Form **4562** (2008)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25								
26 Property used more than 50% in a qualified business use:								
Car	08/07/07	100.00	3,000.	3,000.	5.00	200DB/HY	960.	
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28							960.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29								

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles).	16,804					
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32	16,804					
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?		X				
35 Was the vehicle used primarily by a more than 5% owner or related person?	X					
36 Is another vehicle available for personal use?	X					

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2008 tax year (see instructions):					
43 Amortization of costs that began before your 2008 tax year. 43					
44 Total. Add amounts in column (f). See the instructions for where to report 44					

Keystone Builders, Inc.
18 Skillin Rd.
Cumberland, ME 04021
(207) 749-8955

March 3, 2009

Benjamin R. Carle
18 Skillin Rd.
Cumberland, ME 04021

RE: Keystone Builders, Inc.
26-2168065
Schedule K-1

Dear Shareholder:

Enclosed is your 2008 Schedule K-1 (Form 1120S), Shareholder's Share of Income, Credits, Deductions, etc., which has been filed with the corporate tax return of Keystone Builders, Inc..

The amounts reported to you on lines 1 through 17 of the Schedule K-1 represent your share of income, credits, deductions and other information and must be reported on the appropriate lines of your income tax return. Amounts were allocated to you based on your average stock ownership percentage for the tax year. This percentage will not be your actual stock ownership at the end of the taxable year if your percentage of ownership changed during the tax year. The IRS uses codes on some lines of the Schedule K-1 to identify the item and provide reporting information. These codes are identified on page 2 of the K-1.

Should you have any questions regarding the information reported to you on this Schedule K-1, please call.

Sincerely,

Keystone Builders, Inc.

Keystone Builders, Inc.
18 Skillin Rd.
Cumberland, ME 04021
(207) 749-8955

March 3, 2009

Stephen G. Reynolds, Jr.
1008 Congress Street
Portland, ME 04102

RE: Keystone Builders, Inc.
26-2168065
Schedule K-1

Dear Shareholder:

Enclosed is your 2008 Schedule K-1 (Form 1120S), Shareholder's Share of Income, Credits, Deductions, etc., which has been filed with the corporate tax return of Keystone Builders, Inc..

The amounts reported to you on lines 1 through 17 of the Schedule K-1 represent your share of income, credits, deductions and other information and must be reported on the appropriate lines of your income tax return. Amounts were allocated to you based on your average stock ownership percentage for the tax year. This percentage will not be your actual stock ownership at the end of the taxable year if your percentage of ownership changed during the tax year. The IRS uses codes on some lines of the Schedule K-1 to identify the item and provide reporting information. These codes are identified on page 2 of the K-1.

Should you have any questions regarding the information reported to you on this Schedule K-1, please call.

Sincerely,

Keystone Builders, Inc.

2008

Department of the Treasury
Internal Revenue Service

For calendar year 2008, or tax

year beginning _____, 2008

ending

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See page 2 of form and separate instructions.

Part I	Information About the Corporation
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A Corporation's employer identification number
26-2168065

B Corporation's name, address, city, state, and ZIP code
Keystone Builders, Inc.
18 Skillin Rd.
Cumberland, ME 04021

C IRS Center where corporation filed return
Cincinnati, OH 45999-0013

Part II Information About the Shareholder

D Shareholder's identifying number
006-88-1124

E Shareholder's name, address, city, state, and ZIP code
Benjamin R. Carle
18 Skillin Rd.
Cumberland, ME 04021

F Shareholder's percentage of stock ownership for tax year.	60.00000 %
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FOR IRS USE ONLY

Final K-1

Amended K-1

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) 8,753.	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5 a	Ordinary dividends		
5 b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8 a	Net long-term capital gain (loss)		
8 b	Collectibles (28%) gain (loss)		
8 c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	7.
11	Section 179 deduction	16	Items affecting shareholder basis
12	Other deductions	C	0.
A	1,279.		
		17	Other information

*See attached statement for additional information.

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

		<i>Report on</i>	<i>Code</i>	<i>Report on</i>
1	Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:		M	Credit for increasing research activities See the Shareholder's Instructions
	Passive loss	See the Shareholder's Instructions	N	Credit for employer social security and Medicare taxes Form 8846, line 5
	Passive income	Schedule E, line 28, column (g)	O	Backup withholding Form 1040, line 62
	Nonpassive loss	Schedule E, line 28, column (h)	P	Other credits See the Shareholder's Instructions
	Nonpassive income	Schedule E, line 28, column (j)		
2	Net rental real estate income (loss)	See the Shareholder's Instructions	14	Foreign transactions
3	Other net rental income (loss)		A	Name of country or U.S. possession
	Net income	Schedule E, line 28, column (g)	B	Gross income from all sources
	Net loss	See the Shareholder's Instructions	C	Gross income sourced at shareholder level
4	Interest income	Form 1040, line 8a	Form 1116, Part I	
5 a	Ordinary dividends	Form 1040, line 9a		
5 b	Qualified dividends	Form 1040, line 9b		
6	Royalties	Schedule E, line 4	D	Passive category
7	Net short-term capital gain (loss)	Schedule D, line 5, column (f)	E	General category
8 a	Net long-term capital gain (loss)	Schedule D, line 12, column (f)	F	Other
8 b	Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)	Form 1116, Part I	
8 c	Unrecaptured section 1250 gain	See the Shareholder's Instructions		
9	Net section 1231 gain (loss)	See the Shareholder's Instructions	Form 1116, Part I	
10	Other income (loss)			
	<i>Code</i>		<i>Foreign gross income sourced at corporate level</i>	
A	Other portfolio income (loss)	See the Shareholder's Instructions	G	Interest expense
B	Involuntary conversions	See the Shareholder's Instructions	H	Other
C	Section 1256 contracts and straddles	Form 6781, line 1	Form 1116, Part I	
D	Mining exploration costs recapture	See Pub 535		
E	Other income (loss)	See the Shareholder's Instructions	<i>Deductions allocated and apportioned at shareholder level</i>	
11	Section 179 deduction	See the Shareholder's Instructions	<i>Deductions allocated and apportioned at corporate level to foreign source income</i>	
12	Other deductions		I	Passive category
A	Cash contributions (50%)	See the Shareholder's Instructions	J	General category
B	Cash contributions (30%)		K	Other
C	Noncash contributions (50%)		Form 1116, Part I	
D	Noncash contributions (30%)			
E	Capital gain property to a 50% organization (30%)		<i>Other information</i>	
F	Capital gain property (20%)		L	Total foreign taxes paid
G	Contributions (100%)		M	Total foreign taxes accrued
H	Investment interest expense	Form 4952, line 1	N	Reduction in taxes available for credit
I	Deductions — royalty income	Schedule E, line 18	O	Foreign trading gross receipts
J	Section 59(e)(2) expenditures	See the Shareholder's Instructions	P	Extraterritorial income exclusion
K	Deductions — portfolio (2% floor)	Schedule A, line 23	Q	Other foreign transactions
L	Deductions — portfolio (other)	Schedule A, line 28	See the Shareholder's Instructions	
M	Preproductive period expenses	See the Shareholder's Instructions		
N	Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions	15	Alternative minimum tax (AMT) items
O	Reforestation expense deduction	See the Shareholder's Instructions	A	Post-1986 depreciation adjustment
P	Domestic production activities information	See Form 8903 instructions	B	Adjusted gain or loss
Q	Qualified production activities income	Form 8903, line 7	C	Depletion (other than oil & gas)
R	Employer's Form W-2 wages	Form 8903, line 15	D	Oil, gas, & geothermal — gross income
S	Other deductions	See the Shareholder's Instructions	E	Oil, gas, & geothermal — deductions
13	Credits		F	Other AMT items
A	Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Shareholder's Instructions	16	Items affecting shareholder basis
B	Low-income housing credit (other) from pre-2008 buildings	See the Shareholder's Instructions	A	Tax-exempt interest income
C	Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586, line 11	B	Other tax-exempt income
D	Low-income housing credit (other) from post-2007 buildings	Form 8586, line 11	C	Nondeductible expenses
E	Qualified rehabilitation expenditures (rental real estate)	See the Shareholder's Instructions	D	Property distributions
F	Other rental real estate credits		E	Repayment of loans from shareholders
G	Other rental credits		17	Other information
H	Undistributed capital gains credit		A	Investment income
I	Alcohol and cellulosic biofuel fuels credit		B	Investment expenses
J	Work opportunity credit	Form 1040, line 68, box a	C	Qualified rehabilitation expenditures (other than rental real estate)
K	Disabled access credit	Form 6478, line 9	D	Basis of energy property
L	Empowerment zone and renewal community employment credit	Form 5884, line 3	E	Recapture of low-income housing credit (section 42(j)(5))
		See the Shareholder's Instructions	F	Recapture of low-income housing credit (other)
		Form 8844, line 3	G	Recapture of investment credit
			H	Recapture of other credits
			I	Look-back interest — completed long-term contracts
			J	Look-back interest — income forecast method
			K	Dispositions of property with section 179 deductions
			L	Recapture of section 179 deduction
			M	Section 453(l)(3) information
			N	Section 453A(c) information
			O	Section 1260(b) information
			P	Interest allocable to production expenditures
			Q	CCF nonqualified withdrawals
			R	Depletion information — oil and gas
			S	Amortization of reforestation costs
			T	Other information

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

1	Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:		Code	Report on
	Passive loss	See the Shareholder's Instructions	M	Credit for increasing research activities See the Shareholder's Instructions
	Passive income	Schedule E, line 28, column (g)	N	Credit for employer social security and Medicare taxes Form 8846, line 5
	Nonpassive loss	Schedule E, line 28, column (h)	O	Backup withholding Form 1040, line 62
	Nonpassive income	Schedule E, line 28, column (j)	P	Other credits See the Shareholder's Instructions
2	Net rental real estate income (loss)	See the Shareholder's Instructions	14	Foreign transactions
3	Other net rental income (loss)		A	Name of country or U.S. possession
	Net income	Schedule E, line 28, column (g)	B	Gross income from all sources
	Net loss	See the Shareholder's Instructions	C	Gross income sourced at shareholder level
4	Interest income	Form 1040, line 8a	<i>Foreign gross income sourced at corporate level</i>	
5 a	Ordinary dividends	Form 1040, line 9a	D	Passive category
5 b	Qualified dividends	Form 1040, line 9b	E	General category
6	Royalties	Schedule E, line 4	F	Other
7	Net short-term capital gain (loss)	Schedule D, line 5, column (f)	<i>Deductions allocated and apportioned at shareholder level</i>	
8 a	Net long-term capital gain (loss)	Schedule D, line 12, column (f)	G	Interest expense Form 1116, Part I
8 b	Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)	H	Other Form 1116, Part I
			<i>Deductions allocated and apportioned at corporate level to foreign source income</i>	
8 c	Unrecaptured section 1250 gain	See the Shareholder's Instructions	I	Passive category
9	Net section 1231 gain (loss)	See the Shareholder's Instructions	J	General category
10	Other income (loss)		K	Other
	<i>Code</i>		Form 1116, Part I	
A	Other portfolio income (loss)	See the Shareholder's Instructions	<i>Other information</i>	
B	Involuntary conversions	See the Shareholder's Instructions	L	Total foreign taxes paid Form 1116, Part II
C	Section 1256 contracts and straddles	Form 6781, line 1	M	Total foreign taxes accrued Form 1116, Part II
D	Mining exploration costs recapture	See Pub 535	N	Reduction in taxes available for credit Form 1116, line 12
E	Other income (loss)	See the Shareholder's Instructions	O	Foreign trading gross receipts Form 8873
11	Section 179 deduction	See the Shareholder's Instructions	P	Extraterritorial income exclusion Form 8873
12	Other deductions		Q	Other foreign transactions See the Shareholder's Instructions
A	Cash contributions (50%)	See the Shareholder's Instructions	15	Alternative minimum tax (AMT) items
B	Cash contributions (30%)		A	Post-1986 depreciation adjustment
C	Noncash contributions (50%)		B	Adjusted gain or loss
D	Noncash contributions (30%)		C	Depletion (other than oil & gas)
E	Capital gain property to a 50% organization (30%)		D	Oil, gas, & geothermal — gross income
F	Capital gain property (20%)		E	Oil, gas, & geothermal — deductions
G	Contributions (100%)		F	Other AMT items
H	Investment interest expense	Form 4952, line 1	16 Items affecting shareholder basis	
I	Deductions — royalty income	Schedule E, line 18	A	Tax-exempt interest income Form 1040, line 8b
J	Section 59(e)(2) expenditures	See the Shareholder's Instructions	B	Other tax-exempt income
K	Deductions — portfolio (2% floor)	Schedule A, line 23	C	Nondeductible expenses
L	Deductions — portfolio (other)	Schedule A, line 28	D	Property distributions
M	Preproductive period expenses	See the Shareholder's Instructions	E	Repayment of loans from shareholders
N	Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions	17 Other information	
O	Reforestation expense deduction	See the Shareholder's Instructions	A	Investment income Form 4952, line 4a
P	Domestic production activities information	See Form 8903 instructions	B	Investment expenses Form 4952, line 5
Q	Qualified production activities income	Form 8903, line 7	C	Qualified rehabilitation expenditures (other than rental real estate) See the Shareholder's Instructions
R	Employer's Form W-2 wages	Form 8903, line 15	D	Basis of energy property See the Shareholder's Instructions
S	Other deductions	See the Shareholder's Instructions	E	Recapture of low-income housing credit (section 42(j)(5)) Form 8611, line 8
13	Credits		F	Recapture of low-income housing credit (other) Form 8611, line 8
A	Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Shareholder's Instructions	G	Recapture of investment credit See Form 4255
B	Low-income housing credit (other) from pre-2008 buildings	See the Shareholder's Instructions	H	Recapture of other credits See the Shareholder's Instructions
C	Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586, line 11	I	Look-back interest — completed long-term contracts See Form 8697
D	Low-income housing credit (other) from post-2007 buildings	Form 8586, line 11	J	Look-back interest — income forecast method See Form 8866
E	Qualified rehabilitation expenditures (rental real estate)	See the Shareholder's Instructions	K	Dispositions of property with section 179 deductions
F	Other rental real estate credits		L	Recapture of section 179 deduction
G	Other rental credits		M	Section 453(l)(3) information
H	Undistributed capital gains credit		N	Section 453A(c) information
I	Alcohol and cellulosic biofuel fuels credit		O	Section 1260(b) information
J	Work opportunity credit	Form 5884, line 3	P	Interest allocable to production expenditures
K	Disabled access credit	See the Shareholder's Instructions	Q	CCF nonqualified withdrawals
L	Empowerment zone and renewal community employment credit	Form 8844, line 3	R	Depletion information — oil and gas
			S	Amortization of reforestation costs
			T	Other information

Name of Corporation: Keystone Builders, Inc.
 Identification Number: 26-2168065
 Tax Year Ending: 12/31/08

Deemed Election to Amortize/Deduct Organizational Expenses

Statement Pursuant to IRC Regulation 1.248-1(c)

The corporation hereby elects under IRC Section 248 to:

[illegible]

S Corporation Information Worksheet

2008

► Keep for your records

Part I – Identifying Information

Employer Identification Number . . . 26-2168065 Date Incorporated 03/06/2008
Name Keystone Builders, Inc.
Doing Business As _____
Address 18 Skillin Rd.
City Cumberland State ME ZIP Code 04021
Telephone Number (207) 749-8955 Extension _____
Fax Number _____ E-Mail Address . . . keystoneinc@gmx.com
Tax Shelter Registration Number . . _____

☐ Eligible for qualified disaster area tax relief benefits

Part II – Tax Year and Filing Information

☒ Calendar year
☐ Fiscal year — Ending month _____
☐ Short year — Beginning date _____ Ending date _____
☐ Enrolled in the Electronic Federal Tax Payment System (EFTPS)
IRS Service Center where S Corporation return is filed Cincinnati, OH 45999-0013

Part III – 2008 1120S Corporation Estimated Tax Paid

Amount of 2007 overpayment credited to 2008 estimated tax			_____
Payment Quarters	Due Date	Date Paid	Amount Paid
First Quarter Payment	<u>04/15/08</u>	_____	_____
Second Quarter Payment	<u>06/16/08</u>	_____	_____
Third Quarter Payment	<u>09/15/08</u>	_____	_____
Fourth Quarter Payment	<u>12/15/08</u>	_____	_____
Additional Payment 1		_____	_____
Additional Payment 2		_____	_____
Additional Payment 3		_____	_____
Additional Payment 4		_____	_____

Part IV – K-1 Information

K-1 Rounding Options

- ☒ Distribute the rounding difference to shareholder with the largest percentage.
☐ Distribute the rounding difference among shareholders.
☐ Do not distribute the rounding difference to any shareholder.

Print Schedules K-1 with tax return?

- ☒ Yes
☐ No

Include page 2 of Schedules K-1 (codes and descriptions) with tax return?

- ☒ Yes
☐ No

Part V – Electronic Filing Information**Information required for Electronic Filing:**Officer's Name Stephen Reynolds, Jr.**Part VI – Direct Deposit or Direct Debit Information****Yes No**☐
☐☐
☐Use **direct deposit** of any **federal tax refund**?Use **direct debit** of **federal balance due** (EF only)?If any options selected above, enter information below, **(Review transferred information for accuracy)****Bank Information**

Name of Financial Institution (optional) . . . _____

Check the appropriate box ☐ Checking ☐ Savings

Routing number _____

Account number _____

Payment Information

Enter the payment date to withdraw tax payment _____

Balance due amount from this return _____

QuickZoom here to Form 1120S, Pages 1 and 2 ►**QuickZoom** here to Schedule K-1 Worksheet ► _____

Name Keystone Builders, Inc.		Employer Identification No. 26-2168065	
1	Accounting	1	100.
2	Amortization	2	
3	Automobile and truck expense	3	5,937.
4	Bank charges	4	
5	Cleaning	5	
6	Commissions	6	
7	Computer services and supplies	7	
8	Credit and collection costs	8	
9	Delivery and freight	9	
10	Discounts	10	
11	Dues and subscriptions	11	631.
12	Equipment rent	12	
13	Gifts	13	
14	Insurance	14	4,203.
15	Janitorial	15	
16	Laundry and cleaning	16	
17	Legal and professional	17	
18 a	Meals and entertainment, subject to 50% limit	18 a	0.
b	Meals and entertainment, subject to 80% limit	b	
c	Meals and entertainment, allowed at 100%	c	54.
d	Less disallowed	d	0.
e	Meals and entertainment, net	18 e	54.
19	Miscellaneous	19	
20	Office expense	20	1,609.
21	Outside services/independent contractors	21	
22	Parking fees and tolls	22	
23	Permits and fees	23	
24	Postage	24	15.
25	Printing	25	19.
26	Security	26	
27	Supplies	27	
28	Telephone	28	
29	Tools	29	1,449.
30	Training/continuing education	30	
31	Travel	31	
32	Uniforms	32	
33	Utilities	33	1,835.
34	Total farm expenses (Schedule F, Line 35)	34	
35	Other (itemize):	35	
	Materials		3,086.
	Office		1,587.
	Postage		15.
	Printing		19.
	Misc.		705.
36	Total to Form 1120S, page 1, line 19	36	21,264.

► Keep for your records

Name
Keystone Builders, Inc.

Employer Identification No.
26-2168065

Income Items: Description	Per Books	Per Tax Return	Difference (Book - Tax)
<i>Permanent items (tax-exempt income):</i>			
Tax-exempt interest — in state:			
Direct Entry From K-1s			
_____	_____		_____
Tax-exempt interest — out of state	_____		_____
Life insurance proceeds	_____		_____
Other permanent income items:			
_____	_____		_____
_____	_____		_____
_____	_____		_____
Gain (Loss) on disposition of Section 179 assets	_____		_____
Alcohol used as fuel credit included in income	_____		_____
<i>Timing (temporary) items:</i>			
Unearned rent income	_____		_____
Unearned income	_____		_____
Gain on sale of assets	_____		_____
Installment sale income	_____		_____
Fuels tax credit included in income	_____		_____
Other timing income items:			
_____	_____		_____
_____	_____		_____
_____	_____		_____
Total	_____	_____	_____
Expense Items:			
Description	Per Books	Per Tax Return	Difference (Tax - Book)
<i>Permanent items (nondeductible expenses):</i>			
Disallowed meals and entertainment	0.		0.
Employment credits wage reduction.	_____		_____
Federal underpayment penalty	_____		_____
State underpayment penalty	_____		_____
Other fines and penalties.	_____		_____
Officers' life insurance premiums	_____		_____
Interest paid to carry tax-exempt investments	_____		_____
Payroll Taxes for Employer SS Tax on Tips Credit.	_____		_____
Employee benefit reduction credit from Form 8845	_____		_____
Small employer pension plan startup costs credit from Form 8881	_____		_____
Other expenses related to tax-exempt income	_____		_____
Other permanent expense items:			
_____	_____		_____
_____	_____		_____
_____	_____		_____
Lease inclusion amount - enter as a negative	_____		_____
<i>Timing (temporary) items:</i>			
Depreciation and Section 179 expense	_____	3,602.	_____
Amortization	_____		_____
Depletion other than oil and gas	_____		_____
Loss on sale of assets	_____		_____
Organizational costs	_____		_____
Bad debt expense.	_____		_____
Prepaid expenses.	_____		_____
Other timing expense items:			
_____	_____		_____
_____	_____		_____
_____	_____		_____
Total	0.	3,602.	0.

Keystone Builders, Inc.
Form 1120S - All Assets

Tax Year 2008

- Keep for your records

26-2168065

Code: S = Sold, A = Auto, L = Listed, C = COGS

*Accumulated Depreciation = Section 179 + SDA + Prior + Current

Keystone Builders, Inc.
Form 1120S - All Assets

Tax Year 2009 - Projected

- Keep for your records

26-2168065

[illegible]

Code: S = Sold, A = Auto, L = Listed, C = COGS

*Accumulated Depreciation = Section 179 + SDA + Prior + Current

Keystone Builders, Inc.
Form 1120S - All Assets

Tax Year 2009 - Projected

- Keep for your records

26-2168065

Code: S = Sold, A = Auto, L = Listed, C = COGS

Keystone Builders, Inc.
Form 1120S - Line 21

Tax Year 2008

- Keep for your records

26-2168065

[illegible]

Code: S = Sold, A = Auto, L = Listed, C = COGS

Keystone Builders, Inc.
Form 1120S - Line 21

Tax Year 2008

- Keep for your records

26-2168065

[illegible]

FDIV3701 10/10/08

S Corporation
Five Year Tax History

2008

► Keep for your records

Name Keystone Builders, Inc.				Employer Identification Number 26-2168065	
	2004	2005	2006	2007	2008
1 Gross receipts . . .					79,687.
2 Cost of sales					
3 Gross profit.					79,687.
4 Net 4797 gain (loss)					
5 Other income (loss)					
6 Total income (loss)					79,687.
7 Salaries.					
8 Depreciation					3,602.
9 Other deductions . .					61,496.
10 Business income . .					14,589.
11 Passive investment income					
12 Passive investment expense					
13 Net passive investment income					
14 Excess net passive income tax.					
15 Tax from Schedule D					
16 Additional taxes . .					
17 Tax liability					

2008 Federal Tax Return Summary

Important: Your taxes are not finished until all required steps are completed.



Declaration Control Number: Accepted: 03/03/2009

Keystone Builders, Inc.

18 Skillin Rd.

Cumberland, ME 04021

Balance Due/Refund	No payment is required with your Federal tax return (2008 Form 1120S, U.S. S Corporation Income Tax Return).		
2008 Federal Tax Return Summary	No Refund or Amount Due	\$	0.00
Forms Included			

Form 1120S, Page 1, Line 19

Other Deductions

Accounting	100.
Automobile and truck expense	5,937.
Dues and subscriptions	631.
Insurance	4,203.
Meals and entertainment (100%)	54.
Office expense	1,609.
Postage	15.
Printing	19.
Tools	1,449.
Utilities	1,835.
Materials	3,086.
Office	1,587.
Postage	15.
Printing	19.
Misc.	705.
Total	<u>21,264.</u>

Form 1120S p1-2: Income Tax Return for an S Corporation

Compensation of Officers Smart Worksheet	
A	Compensation of shareholder/officers <u>35,418.</u>
B	Compensation of other officers _____

Form 1120S p1-2: Income Tax Return for an S Corporation

Officer Compensation/Salaries and Wages (less employment credits) Smart Worksheet		
	To Line 7	To Line 8
A Officers' compensation/salaries and wages	<u>35,418.</u>	_____
Less:		
B 1 Work Opportunity Credit (Form 5884)	_____	_____
2 Credits for Disaster Area Employers (Form 5884-A)	_____	_____
C Empowerment Zone Employment Credit (Form 8844)	_____	_____
D Indian Employment Credit (Form 8845)	_____	_____
E Welfare-to-Work Credit (Form 8861)	_____	_____
F Total Employment Credits	_____	_____

Form 1120S p1-2: Income Tax Return for an S Corporation

Taxes and Licenses Smart Worksheet	
A	State franchise or income taxes _____
B	Local property taxes _____
C 1	Payroll taxes <u>3,189.</u>
2	Less: Credit from Form 8846 _____
D	Other miscellaneous taxes _____
E	Licenses _____
F	Built-In Gains tax allocated to ordinary income -- SEE TAX HELP
Click here Enter amount from tax allocation wks here _____	

Form 1120S p1-2: Income Tax Return for an S Corporation

Depreciation Smart Worksheet	
A	To enter assets, QuickZoom to Asset Entry Worksheet _____
B	To view a calculated report of all depreciation information, QuickZoom to Depreciation Reports. _____
C	QuickZoom to Form 4562 _____
Total Depreciation <u>3,602.</u>	
Depreciation claimed on Schedule A and elsewhere on return. _____	

Form 1120S p1-2: Income Tax Return for an S Corporation

Meals and Entertainment Smart Worksheet		
Meals and entertainment:		
A	Subject to 50% limit	0.
B	Subject to 80% limit	
C	NOT subject to limit, 100% allowable	54.
The allowable percentage of the above lines will transfer into line 19		

Form 1120S p3-4: Income Tax Return for an S Corporation

Nondeductible Expenses Smart Worksheet		
A	Nondeductible meals and entertainment	0.
(Caution: If you use the Schedule M-1 Items Worksheet, enter any other nondeductible expenses there, Not below.)		
B	Other nondeductible expenses:	
	
	
	
	

Form 1120S p3-4: Income Tax Return for an S Corporation

Schedule M-1 Smart Worksheet		
To use optional M-1 items worksheet, QuickZoom here ▶		
Program will complete Schedule M-1, lines 2 through 8, from entries on M-1 items worksheet.		
Computed Net Income (Loss) per books		
A	Income (loss) per return from Schedule K, line 18	
B	Income item tax/book differences from M-1 items worksheet	
C	Expense item tax/book differences from M-1 items worksheet	
D	Net tax/book differences (combine lines B and C).	
E	Computed net income (loss) per books (combine lines A and D)	
F	Use amount on line E for Schedule M-1, line 1? ▶ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Schedule M-1 Items Worksheet

Schedule M-1 Display Options Smart Worksheet	
Display book and tax return amounts on Schedule M-1	▶ <input type="checkbox"/>
Display only difference amounts on Schedule M-1	▶ <input checked="" type="checkbox"/>

Schedule M-1 Items Worksheet

Book Depreciation and Amortization Options Smart Worksheet	
Are depreciation and amortization for book purposes the same as depreciation and amortization for tax purposes?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If No, enter book amounts below. ➡	

Schedule M-1 Items Worksheet

Computed Net Income (Loss) Per Books Smart Worksheet	
A Income(loss) per return (Schedule K, line 18)	12,457.
B Income item tax/book differences	
C Expense item tax/book differences	0.
D Net tax/book differences (combine lines B and C)	0.
E Computed net income (loss) per books (combine lines A and D)	12,457.

Form **1120S**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for an S Corporation**

▶ **Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.**
▶ **See separate instructions.**

OMB No. 1545-0130

2008

For calendar year 2008 or tax year beginning , 2008, ending ,

A Selection effective date 03/06/08	Use the IRS label. Otherwise, print or type.	Name Keystone Builders, Inc.	D Employer identification number 26-2168065
B Business activity code number (see instrs) 238100		Number, street, and room or suite no. If a P.O. box, see instructions. 18 Skillin Rd.	E Date incorporated 03/06/08
C Check if Sch M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code Cumberland ME 04021	F Total assets (see instructions) \$ 3,602.

G Is the corporation electing to be an S corporation beginning with this tax year? ☒ Yes ☐ No If 'Yes,' attach Form 2553 if not previously 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 ▶ 2**Caution.** Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

I N C O M E	1 a Gross receipts or sales 79,687.	b Less returns and allowances	c Bal ▶	1 c	79,687.
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	79,687.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4	
	5 Other income (loss) (attach statement)			5	
	6 Total income (loss). Add lines 3 through 5. ▶			6	79,687.
D E D U C T I O N S S E E I N S T R U C T I O N S	7 Compensation of officers			7	35,418.
	8 Salaries and wages (less employment credits)			8	
	9 Repairs and maintenance			9	1,625.
	10 Bad debts			10	
	11 Rents			11	
	12 Taxes and licenses			12	3,189.
	13 Interest			13	
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			14	3,602.
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	
	17 Pension, profit-sharing, etc, plans			17	
18 Employee benefit programs			18		
19 Other deductions (attach statement) * .STMT			19	21,264.	
20 Total deductions. Add lines 7 through 19 ▶			20	65,098.	
21 Ordinary business income (loss). Subtract line 20 from line 6			21	14,589.	
T A X A N D P A Y M E N T S	22 a Excess net passive income or LIFO recapture tax (see instructions)	22 a			
	b Tax from Schedule D (Form 1120S)	22 b			
	c Add lines 22a and 22b (see instructions for additional taxes)			22 c	
	23 a 2008 estimated tax payments and 2007 overpayment credited to 2008	23 a			
	b Tax deposited with Form 7004	23 b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23 c			
	d Add lines 23a through 23c			23 d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ <input type="checkbox"/>			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
27 Enter amount from line 26 Credited to 2009 estimated tax ▶			Refunded ▶ 27		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Secretary	Title
----------------------	------	-----------	-------

May the IRS discuss this return with the preparer shown below (see instructions)?

☐ Yes ☐ No**Paid Preparer's Use Only**

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	Self-Prepared		EIN
			Phone no.

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 statement)	4	
5	Other costs (attach statement)	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 as described in Regulations section 1.471-3
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
 (iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c). ☐

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 B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2 See the instructions and enter the: a Business activity. ▶ <u>Construction services</u> b Product or service. ▶ <u>Residential Carpentry</u>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made?		X
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
6 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 its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) 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 ▶ \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
8 Are the corporation's total receipts (see instructions) 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 and M-1	X	

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 14,589.
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
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)	10

INCOME (LOSSES)

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions Cash contribution (.50%)	12a	2,132.
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c (2)	
	d Other deductions (see instructions) . . . Type ▶	12d	
Credits	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)	13c	
	d Other rental real estate credits (see instrs) Type ▶	13d	
	e Other rental credits (see instrs) Type ▶	13e	
	f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶		
	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): <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	11.
	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	0.
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. 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 lines 14l	18	12,457.

BAA

Form 1120S (2008)

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

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) 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	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):	a	Tax-exempt interest \$ _____
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 14l (itemize):	6	Deductions included on Schedule K, lines 1 through 12, and 14l, not charged against book income this year (itemize):
a	Depreciation \$ _____	a	Depreciation \$ _____
b	Travel and entertainment \$ _____	7	Add lines 5 and 6.
4	Add lines 1 through 3.	8	Income (loss) (Schedule K, ln 18). Ln 4 less ln 7

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
1	Balance at beginning of tax year		
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21		
5	Other reductions		
6	Combine lines 1 through 5		
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6.		

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2008Attachment
Sequence No. **67**

Name(s) shown on return

Keystone Builders, Inc.

Identifying number

26-2168065

Business or activity to which this form relates

Form 1120S Line 21

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	500.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	2,042.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B — Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		500.	5.0 yrs	HY	200DB	100.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	960.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	3,602.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIZ0812 06/12/08

Form **4562** (2008)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25								
26 Property used more than 50% in a qualified business use:								
Car	08/07/07	100.00	3,000.	3,000.	5.00	200DB/HY	960.	
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28							960.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29								

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles).	16,804					
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32	16,804					
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?		X				
35 Was the vehicle used primarily by a more than 5% owner or related person?	X					
36 Is another vehicle available for personal use?	X					

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2008 tax year (see instructions):					
43 Amortization of costs that began before your 2008 tax year. 43					
44 Total. Add amounts in column (f). See the instructions for where to report 44					

Keystone Builders, Inc.
18 Skillin Rd.
Cumberland, ME 04021
(207) 749-8955

March 3, 2009

Benjamin R. Carle
18 Skillin Rd.
Cumberland, ME 04021

RE: Keystone Builders, Inc.
26-2168065
Schedule K-1

Dear Shareholder:

Enclosed is your 2008 Schedule K-1 (Form 1120S), Shareholder's Share of Income, Credits, Deductions, etc., which has been filed with the corporate tax return of Keystone Builders, Inc..

The amounts reported to you on lines 1 through 17 of the Schedule K-1 represent your share of income, credits, deductions and other information and must be reported on the appropriate lines of your income tax return. Amounts were allocated to you based on your average stock ownership percentage for the tax year. This percentage will not be your actual stock ownership at the end of the taxable year if your percentage of ownership changed during the tax year. The IRS uses codes on some lines of the Schedule K-1 to identify the item and provide reporting information. These codes are identified on page 2 of the K-1.

Should you have any questions regarding the information reported to you on this Schedule K-1, please call.

Sincerely,

Keystone Builders, Inc.

Keystone Builders, Inc.
18 Skillin Rd.
Cumberland, ME 04021
(207) 749-8955

March 3, 2009

Stephen G. Reynolds, Jr.
1008 Congress Street
Portland, ME 04102

RE: Keystone Builders, Inc.
26-2168065
Schedule K-1

Dear Shareholder:

Enclosed is your 2008 Schedule K-1 (Form 1120S), Shareholder's Share of Income, Credits, Deductions, etc., which has been filed with the corporate tax return of Keystone Builders, Inc..

The amounts reported to you on lines 1 through 17 of the Schedule K-1 represent your share of income, credits, deductions and other information and must be reported on the appropriate lines of your income tax return. Amounts were allocated to you based on your average stock ownership percentage for the tax year. This percentage will not be your actual stock ownership at the end of the taxable year if your percentage of ownership changed during the tax year. The IRS uses codes on some lines of the Schedule K-1 to identify the item and provide reporting information. These codes are identified on page 2 of the K-1.

Should you have any questions regarding the information reported to you on this Schedule K-1, please call.

Sincerely,

Keystone Builders, Inc.

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

		<i>Report on</i>	<i>Code</i>	<i>Report on</i>
1	Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:		M	Credit for increasing research activities See the Shareholder's Instructions
	Passive loss	See the Shareholder's Instructions	N	Credit for employer social security and Medicare taxes Form 8846, line 5
	Passive income	Schedule E, line 28, column (g)	O	Backup withholding Form 1040, line 62
	Nonpassive loss	Schedule E, line 28, column (h)	P	Other credits See the Shareholder's Instructions
	Nonpassive income	Schedule E, line 28, column (j)		
2	Net rental real estate income (loss)	See the Shareholder's Instructions	14	Foreign transactions
3	Other net rental income (loss)		A	Name of country or U.S. possession
	Net income	Schedule E, line 28, column (g)	B	Gross income from all sources
	Net loss	See the Shareholder's Instructions	C	Gross income sourced at shareholder level
4	Interest income	Form 1040, line 8a	Form 1116, Part I	
5 a	Ordinary dividends	Form 1040, line 9a		
5 b	Qualified dividends	Form 1040, line 9b		
6	Royalties	Schedule E, line 4	Form 1116, Part I	
7	Net short-term capital gain (loss)	Schedule D, line 5, column (f)		
8 a	Net long-term capital gain (loss)	Schedule D, line 12, column (f)		
8 b	Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)	D	Passive category
8 c	Unrecaptured section 1250 gain	See the Shareholder's Instructions	E	General category
9	Net section 1231 gain (loss)	See the Shareholder's Instructions	F	Other
10	Other income (loss)		Form 1116, Part I	
	<i>Code</i>			
A	Other portfolio income (loss)	See the Shareholder's Instructions		
B	Involuntary conversions	See the Shareholder's Instructions	Form 1116, Part I	
C	Section 1256 contracts and straddles	Form 6781, line 1		
D	Mining exploration costs recapture	See Pub 535		
E	Other income (loss)	See the Shareholder's Instructions	Form 1116, Part I	
11	Section 179 deduction	See the Shareholder's Instructions		
12	Other deductions			
A	Cash contributions (50%)	See the Shareholder's Instructions	Form 1116, Part II	
B	Cash contributions (30%)			
C	Noncash contributions (50%)			
D	Noncash contributions (30%)			
E	Capital gain property to a 50% organization (30%)			
F	Capital gain property (20%)			
G	Contributions (100%)		Form 1116, Part I	
H	Investment interest expense	Form 4952, line 1		
I	Deductions — royalty income	Schedule E, line 18		
J	Section 59(e)(2) expenditures	See the Shareholder's Instructions		
K	Deductions — portfolio (2% floor)	Schedule A, line 23		
L	Deductions — portfolio (other)	Schedule A, line 28		
M	Preproductive period expenses	See the Shareholder's Instructions	Form 1116, Part I	
N	Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions		
O	Reforestation expense deduction	See the Shareholder's Instructions		
P	Domestic production activities information	See Form 8903 instructions		
Q	Qualified production activities income	Form 8903, line 7		
R	Employer's Form W-2 wages	Form 8903, line 15		
S	Other deductions	See the Shareholder's Instructions	Form 1116, Part I	
13	Credits			
A	Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Shareholder's Instructions		
B	Low-income housing credit (other) from pre-2008 buildings	See the Shareholder's Instructions		
C	Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586, line 11		
D	Low-income housing credit (other) from post-2007 buildings	Form 8586, line 11		
E	Qualified rehabilitation expenditures (rental real estate)	See the Shareholder's Instructions	Form 1116, Part I	
F	Other rental real estate credits			
G	Other rental credits			
H	Undistributed capital gains credit			
I	Alcohol and cellulosic biofuel fuels credit			
J	Work opportunity credit			
K	Disabled access credit	See the Shareholder's Instructions	Form 1116, Part I	
L	Empowerment zone and renewal community employment credit	Form 8844, line 3		
			Form 1116, Part I	
			Form 1116, Part I	
			Form 1116, Part I	
			Form 1116, Part I	
			Form 1116, Part I	
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			Form 1116, Part I	
			Form 1116, Part I	

2008

Department of the Treasury
Internal Revenue Service

For calendar year 2008, or tax

year beginning _____, 2008

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See page 2 of form and separate instructions.

Part I	Information About the Corporation
---------------	--

A Corporation's employer identification number
26-2168065

B Corporation's name, address, city, state, and ZIP code
Keystone Builders, Inc.
18 Skillin Rd.
Cumberland, ME 04021

C IRS Center where corporation filed return
Cincinnati, OH 45999-0013

Part II Information About the Shareholder

D Shareholder's identifying number
006-90-0841

E Shareholder's name, address, city, state, and ZIP code
Stephen G. Reynolds, Jr.
1008 Congress Street
Portland, ME 04102

F Shareholder's percentage of stock ownership for tax year.	40.00000 %
--	------------

FOR IRS USE ONLY

Final K-1

Amended K-1

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) 5,836.	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5 a	Ordinary dividends		
5 b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8 a	Net long-term capital gain (loss)		
8 b	Collectibles (28%) gain (loss)		
8 c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	4.
11	Section 179 deduction	16	Items affecting shareholder basis
12	Other deductions	C	0.
A	853.		
		17	Other information

*See attached statement for additional information.

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

1	Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:	Report on
	Passive loss	See the Shareholder's Instructions
	Passive income	Schedule E, line 28, column (g)
	Nonpassive loss	Schedule E, line 28, column (h)
	Nonpassive income	Schedule E, line 28, column (j)
2	Net rental real estate income (loss)	See the Shareholder's Instructions
3	Other net rental income (loss)	
	Net income	Schedule E, line 28, column (g)
	Net loss	See the Shareholder's Instructions
4	Interest income	Form 1040, line 8a
5 a	Ordinary dividends	Form 1040, line 9a
5 b	Qualified dividends	Form 1040, line 9b
6	Royalties	Schedule E, line 4
7	Net short-term capital gain (loss)	Schedule D, line 5, column (f)
8 a	Net long-term capital gain (loss)	Schedule D, line 12, column (f)
8 b	Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)
8 c	Unrecaptured section 1250 gain	See the Shareholder's Instructions
9	Net section 1231 gain (loss)	See the Shareholder's Instructions
10	Other income (loss)	
	Code	
	A Other portfolio income (loss)	See the Shareholder's Instructions
	B Involuntary conversions	See the Shareholder's Instructions
	C Section 1256 contracts and straddles	Form 6781, line 1
	D Mining exploration costs recapture	See Pub 535
	E Other income (loss)	See the Shareholder's Instructions
11	Section 179 deduction	See the Shareholder's Instructions
12	Other deductions	
	A Cash contributions (50%)	See the Shareholder's Instructions
	B Cash contributions (30%)	
	C Noncash contributions (50%)	
	D Noncash contributions (30%)	
	E Capital gain property to a 50% organization (30%)	
	F Capital gain property (20%)	
	G Contributions (100%)	
	H Investment interest expense	Form 4952, line 1
	I Deductions — royalty income	Schedule E, line 18
	J Section 59(e)(2) expenditures	See the Shareholder's Instructions
	K Deductions — portfolio (2% floor)	Schedule A, line 23
	L Deductions — portfolio (other)	Schedule A, line 28
	M Preproductive period expenses	See the Shareholder's Instructions
	N Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions
	O Reforestation expense deduction	See the Shareholder's Instructions
	P Domestic production activities information	See Form 8903 instructions
	Q Qualified production activities income	Form 8903, line 7
	R Employer's Form W-2 wages	Form 8903, line 15
	S Other deductions	See the Shareholder's Instructions
13	Credits	
	A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Shareholder's Instructions
	B Low-income housing credit (other) from pre-2008 buildings	See the Shareholder's Instructions
	C Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586, line 11
	D Low-income housing credit (other) from post-2007 buildings	Form 8586, line 11
	E Qualified rehabilitation expenditures (rental real estate)	See the Shareholder's Instructions
	F Other rental real estate credits	
	G Other rental credits	
	H Undistributed capital gains credit	Form 1040, line 68, box a
	I Alcohol and cellulosic biofuel fuels credit	Form 6478, line 9
	J Work opportunity credit	Form 5884, line 3
	K Disabled access credit	See the Shareholder's Instructions
	L Empowerment zone and renewal community employment credit	Form 8844, line 3

Code		Report on
M	Credit for increasing research activities	See the Shareholder's Instructions
N	Credit for employer social security and Medicare taxes	Form 8846, line 5
O	Backup withholding	Form 1040, line 62
P	Other credits	See the Shareholder's Instructions
14	Foreign transactions	
A	Name of country or U.S. possession	Form 1116, Part I
B	Gross income from all sources	
C	Gross income sourced at shareholder level	
<i>Foreign gross income sourced at corporate level</i>		
D	Passive category	Form 1116, Part I
E	General category	
F	Other	
<i>Deductions allocated and apportioned at shareholder level</i>		
G	Interest expense	Form 1116, Part I
H	Other	Form 1116, Part I
<i>Deductions allocated and apportioned at corporate level to foreign source income</i>		
I	Passive category	Form 1116, Part I
J	General category	
K	Other	
<i>Other information</i>		
L	Total foreign taxes paid	Form 1116, Part II
M	Total foreign taxes accrued	Form 1116, Part II
N	Reduction in taxes available for credit	Form 1116, line 12
O	Foreign trading gross receipts	Form 8873
P	Extraterritorial income exclusion	Form 8873
Q	Other foreign transactions	See the Shareholder's Instructions
15	Alternative minimum tax (AMT) items	
A	Post-1986 depreciation adjustment	See the Shareholder's Instructions and the Instructions for Form 6251
B	Adjusted gain or loss	
C	Depletion (other than oil & gas)	
D	Oil, gas, & geothermal — gross income	
E	Oil, gas, & geothermal — deductions	
F	Other AMT items	
16	Items affecting shareholder basis	
A	Tax-exempt interest income	Form 1040, line 8b
B	Other tax-exempt income	See the Shareholder's Instructions
C	Nondeductible expenses	
D	Property distributions	
E	Repayment of loans from shareholders	
17	Other information	
A	Investment income	Form 952, line 4a
B	Investment expenses	Form 952, line 5
C	Qualified rehabilitation expenditures (other than rental real estate)	See the Shareholder's Instructions
D	Basis of energy property	See the Shareholder's Instructions
E	Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
F	Recapture of low-income housing credit (other)	Form 8611, line 8
G	Recapture of investment credit	See Form 4255
H	Recapture of other credits	See the Shareholder's Instructions
I	Look-back interest — completed long-term contracts	See Form 8697
J	Look-back interest — income forecast method	See Form 8866
K	Dispositions of property with section 179 deductions	See the Shareholder's Instructions
L	Recapture of section 179 deduction	
M	Section 453(l)(3) information	
N	Section 453A(c) information	
O	Section 1260(b) information	
P	Interest allocable to production expenditures	
Q	CCF nonqualified withdrawals	
R	Depletion information — oil and gas	See the Shareholder's Instructions
S	Amortization of reforestation costs	
T	Other information	

Name of Corporation: Keystone Builders, Inc.
 Identification Number: 26-2168065
 Tax Year Ending: 12/31/08

Deemed Election to Amortize/Deduct Organizational Expenses

Statement Pursuant to IRC Regulation 1.248-1(c)

The corporation hereby elects under IRC Section 248 to:

[illegible]

S Corporation Information Worksheet

2008

► Keep for your records

Part I – Identifying Information

Employer Identification Number . . . 26-2168065 Date Incorporated 03/06/2008
Name Keystone Builders, Inc.
Doing Business As _____
Address 18 Skillin Rd.
City Cumberland State ME ZIP Code 04021
Telephone Number (207) 749-8955 Extension _____
Fax Number _____ E-Mail Address . . . keystoneinc@gmx.com
Tax Shelter Registration Number . . _____

☐ Eligible for qualified disaster area tax relief benefits

Part II – Tax Year and Filing Information

☒ Calendar year
☐ Fiscal year — Ending month _____
☐ Short year — Beginning date _____ Ending date _____
☐ Enrolled in the Electronic Federal Tax Payment System (EFTPS)
IRS Service Center where S Corporation return is filed Cincinnati, OH 45999-0013

Part III – 2008 1120S Corporation Estimated Tax Paid

Amount of 2007 overpayment credited to 2008 estimated tax			_____
Payment Quarters	Due Date	Date Paid	Amount Paid
First Quarter Payment	<u>04/15/08</u>	_____	_____
Second Quarter Payment	<u>06/16/08</u>	_____	_____
Third Quarter Payment	<u>09/15/08</u>	_____	_____
Fourth Quarter Payment	<u>12/15/08</u>	_____	_____
Additional Payment 1		_____	_____
Additional Payment 2		_____	_____
Additional Payment 3		_____	_____
Additional Payment 4		_____	_____

Part IV – K-1 Information

K-1 Rounding Options

- ☒ Distribute the rounding difference to shareholder with the largest percentage.
☐ Distribute the rounding difference among shareholders.
☐ Do not distribute the rounding difference to any shareholder.

Print Schedules K-1 with tax return?

- ☒ Yes
☐ No

Include page 2 of Schedules K-1 (codes and descriptions) with tax return?

- ☒ Yes
☐ No

Part V – Electronic Filing Information**Information required for Electronic Filing:**Officer's Name Stephen Reynolds, Jr.**Part VI – Direct Deposit or Direct Debit Information****Yes No**☐ ☐ Use **direct deposit** of any **federal tax refund**?☐ ☐ Use **direct debit** of **federal balance due** (EF only)?If any options selected above, enter information below, **(Review transferred information for accuracy)****Bank Information**

Name of Financial Institution (optional) . . . _____

Check the appropriate box ☐ Checking ☐ Savings

Routing number _____

Account number _____

Payment Information

Enter the payment date to withdraw tax payment _____

Balance due amount from this return _____

QuickZoom here to Form 1120S, Pages 1 and 2 ►**QuickZoom** here to Schedule K-1 Worksheet ► _____

Name Keystone Builders, Inc.		Employer Identification No. 26-2168065	
1	Accounting	1	100.
2	Amortization	2	
3	Automobile and truck expense	3	5,937.
4	Bank charges	4	
5	Cleaning	5	
6	Commissions	6	
7	Computer services and supplies	7	
8	Credit and collection costs	8	
9	Delivery and freight	9	
10	Discounts	10	
11	Dues and subscriptions	11	631.
12	Equipment rent	12	
13	Gifts	13	
14	Insurance	14	4,203.
15	Janitorial	15	
16	Laundry and cleaning	16	
17	Legal and professional	17	
18 a	Meals and entertainment, subject to 50% limit	18 a	0.
b	Meals and entertainment, subject to 80% limit	b	
c	Meals and entertainment, allowed at 100%	c	54.
d	Less disallowed	d	0.
e	Meals and entertainment, net	18 e	54.
19	Miscellaneous	19	
20	Office expense	20	1,609.
21	Outside services/independent contractors	21	
22	Parking fees and tolls	22	
23	Permits and fees	23	
24	Postage	24	15.
25	Printing	25	19.
26	Security	26	
27	Supplies	27	
28	Telephone	28	
29	Tools	29	1,449.
30	Training/continuing education	30	
31	Travel	31	
32	Uniforms	32	
33	Utilities	33	1,835.
34	Total farm expenses (Schedule F, Line 35)	34	
35	Other (itemize):	35	
	Materials		3,086.
	Office		1,587.
	Postage		15.
	Printing		19.
	Misc.		705.
36	Total to Form 1120S, page 1, line 19	36	21,264.

► Keep for your records

Name
Keystone Builders, Inc.

Employer Identification No.
26-2168065

Income Items: Description	Per Books	Per Tax Return	Difference (Book - Tax)
<i>Permanent items (tax-exempt income):</i>			
Tax-exempt interest — in state:			
Direct Entry From K-1s			

Tax-exempt interest — out of state			
Life insurance proceeds			
Other permanent income items:			

Gain (Loss) on disposition of Section 179 assets			
Alcohol used as fuel credit included in income			
<i>Timing (temporary) items:</i>			
Unearned rent income			
Unearned income			
Gain on sale of assets			
Installment sale income			
Fuels tax credit included in income			
Other timing income items:			

Total			
Expense Items:			
Description	Per Books	Per Tax Return	Difference (Tax - Book)
<i>Permanent items (nondeductible expenses):</i>			
Disallowed meals and entertainment	0.		0.
Employment credits wage reduction.			
Federal underpayment penalty			
State underpayment penalty			
Other fines and penalties.			
Officers' life insurance premiums			
Interest paid to carry tax-exempt investments			
Payroll Taxes for Employer SS Tax on Tips Credit.			
Employee benefit reduction credit from Form 8845			
Small employer pension plan startup costs credit from Form 8881			
Other expenses related to tax-exempt income			
Other permanent expense items:			

Lease inclusion amount - enter as a negative			
<i>Timing (temporary) items:</i>			
Depreciation and Section 179 expense		3,602.	
Amortization			
Depletion other than oil and gas			
Loss on sale of assets			
Organizational costs			
Bad debt expense.			
Prepaid expenses.			
Other timing expense items:			

Total	0.	3,602.	0.

Keystone Builders, Inc.
Form 1120S - All Assets

Tax Year 2008

- Keep for your records

26-2168065

FDIV7001 10/10/08 Page 1 of 1

Keystone Builders, Inc.
Form 1120S - All Assets

Tax Year 2009 - Projected

- Keep for your records

26-2168065

[illegible]

*Accumulated Depreciation = Section 179 + SDA + Prior + Current

Keystone Builders, Inc.
Form 1120S - All Assets

Tax Year 2009 - Projected

- Keep for your records

26-2168065

Code: S = Sold, A = Auto, L = Listed, C = COGS

Keystone Builders, Inc.
Form 1120S - Line 21

Tax Year 2008

- Keep for your records

26-2168065

Code: S = Sold, A = Auto, L = Listed, C = COGS

Keystone Builders, Inc.
Form 1120S - Line 21

Tax Year 2008

- Keep for your records

26-2168065

[illegible]

Code: S = Sold, A = Auto, L = Listed, C = COGS

**S Corporation
Five Year Tax History****2008**

► Keep for your records

Name Keystone Builders, Inc.				Employer Identification Number 26-2168065	
	2004	2005	2006	2007	2008
1 Gross receipts . . .					79,687.
2 Cost of sales . . .					
3 Gross profit. . . .					79,687.
4 Net 4797 gain (loss)					
5 Other income (loss)					
6 Total income (loss)					79,687.
7 Salaries.					
8 Depreciation . . .					3,602.
9 Other deductions .					61,496.
10 Business income .					14,589.
11 Passive investment income					
12 Passive investment expense					
13 Net passive investment income					
14 Excess net passive income tax. . . .					
15 Tax from Schedule D					
16 Additional taxes . .					
17 Tax liability					

2008 Federal Tax Return Summary

Important: Your taxes are not finished until all required steps are completed.



Declaration Control Number: Accepted: 03/03/2009

Keystone Builders, Inc.

18 Skillin Rd.

Cumberland, ME 04021

Balance Due/Refund	No payment is required with your Federal tax return (2008 Form 1120S, U.S. S Corporation Income Tax Return).		
2008 Federal Tax Return Summary	No Refund or Amount Due	\$	0.00
Forms Included			

Form 1120S, Page 1, Line 19

Other Deductions

Accounting	100.
Automobile and truck expense	5,937.
Dues and subscriptions	631.
Insurance	4,203.
Meals and entertainment (100%)	54.
Office expense	1,609.
Postage	15.
Printing	19.
Tools	1,449.
Utilities	1,835.
Materials	3,086.
Office	1,587.
Postage	15.
Printing	19.
Misc.	705.
<hr/>	
Total	<u>21,264.</u>

Form 1120S p1-2: Income Tax Return for an S Corporation

Compensation of Officers Smart Worksheet	
A	Compensation of shareholder/officers <u>35,418.</u>
B	Compensation of other officers _____

Form 1120S p1-2: Income Tax Return for an S Corporation

Officer Compensation/Salaries and Wages (less employment credits) Smart Worksheet		
	To Line 7	To Line 8
A Officers' compensation/salaries and wages	<u>35,418.</u>	_____
Less:		
B 1 Work Opportunity Credit (Form 5884)	_____	_____
2 Credits for Disaster Area Employers (Form 5884-A)	_____	_____
C Empowerment Zone Employment Credit (Form 8844)	_____	_____
D Indian Employment Credit (Form 8845)	_____	_____
E Welfare-to-Work Credit (Form 8861)	_____	_____
F Total Employment Credits	_____	_____

Form 1120S p1-2: Income Tax Return for an S Corporation

Taxes and Licenses Smart Worksheet	
A	State franchise or income taxes _____
B	Local property taxes _____
C 1	Payroll taxes <u>3,189.</u>
2	Less: Credit from Form 8846 _____
D	Other miscellaneous taxes _____
E	Licenses _____
F	Built-In Gains tax allocated to ordinary income -- SEE TAX HELP
Click here Enter amount from tax allocation wks here _____	

Form 1120S p1-2: Income Tax Return for an S Corporation

Depreciation Smart Worksheet	
A	To enter assets, QuickZoom to Asset Entry Worksheet _____
B	To view a calculated report of all depreciation information, QuickZoom to Depreciation Reports. _____
C	QuickZoom to Form 4562 _____
Total Depreciation <u>3,602.</u>	
Depreciation claimed on Schedule A and elsewhere on return. _____	

Form 1120S p1-2: Income Tax Return for an S Corporation

Meals and Entertainment Smart Worksheet		
Meals and entertainment:		
A	Subject to 50% limit	0.
B	Subject to 80% limit	
C	NOT subject to limit, 100% allowable	54.
The allowable percentage of the above lines will transfer into line 19		

Form 1120S p3-4: Income Tax Return for an S Corporation

Nondeductible Expenses Smart Worksheet		
A	Nondeductible meals and entertainment	0.
(Caution: If you use the Schedule M-1 Items Worksheet, enter any other nondeductible expenses there, Not below.)		
B	Other nondeductible expenses:	
	
	
	
	

Form 1120S p3-4: Income Tax Return for an S Corporation

Schedule M-1 Smart Worksheet		
To use optional M-1 items worksheet, QuickZoom here ▶		
Program will complete Schedule M-1, lines 2 through 8, from entries on M-1 items worksheet.		
Computed Net Income (Loss) per books		
A	Income (loss) per return from Schedule K, line 18	
B	Income item tax/book differences from M-1 items worksheet	
C	Expense item tax/book differences from M-1 items worksheet	
D	Net tax/book differences (combine lines B and C).	
E	Computed net income (loss) per books (combine lines A and D)	
F	Use amount on line E for Schedule M-1, line 1? ▶ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Schedule M-1 Items Worksheet

Schedule M-1 Display Options Smart Worksheet	
Display book and tax return amounts on Schedule M-1	▶ <input type="checkbox"/>
Display only difference amounts on Schedule M-1	▶ <input checked="" type="checkbox"/>

Schedule M-1 Items Worksheet

Book Depreciation and Amortization Options Smart Worksheet	
Are depreciation and amortization for book purposes the same as depreciation and amortization for tax purposes?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If No, enter book amounts below. ➡	

Schedule M-1 Items Worksheet

Computed Net Income (Loss) Per Books Smart Worksheet	
A Income(loss) per return (Schedule K, line 18)	12,457.
B Income item tax/book differences	
C Expense item tax/book differences	0.
D Net tax/book differences (combine lines B and C)	0.
E Computed net income (loss) per books (combine lines A and D)	12,457.