

Form **990-T**

**Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

OMB No 1545-0687

**2016**

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

Information about Form 990-T and its instructions is available at [www.irs.gov/form990](http://www.irs.gov/form990).

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3)

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury  
Internal Revenue Service

**A**  Check box if address changed

**B** Exempt under section:  
 501(c)(3)  408(e)  220(e)  408A  530(a)  529(a)

**Name of organization** (  Check box if name changed and see instructions.)  
**KANDU INDUSTRIES, INC.**

**Number, street, and room or suite no.** If a P.O. box, see instructions.  
**1741 ADEL ST.**

**City or town, state or province, country, and ZIP or foreign postal code**  
**JANESVILLE, WI 53546**

**D** Employer identification number (Employees' trust, see instructions)  
**39-1023165**

**E** Unrelated business activity codes (See instructions)  
**722320**

**C** Book value of all assets at end of year  
**6,392,553.**

**F** Group exemption number (See instructions.)

**G** Check organization type:  501(c) corporation  501(c) trust  401(a) trust  Other trust

**H** Describe the organization's primary unrelated business activity. **CATERING**

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  Yes  No

If "Yes," enter the name and identifying number of the parent corporation.

**J** The books are in care of **URSULA RINN** Telephone number **608-755-4123**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales	3,371,870.		
b	Less returns and allowances	51,224.		
c	Balance	3,320,646.		
2	Cost of goods sold (Schedule A, line 7)	2,966,606.		
3	Gross profit. Subtract line 2 from line 1c	354,040.		354,040.
4a	Capital gain net income (attach Schedule D)			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c	Capital loss deduction for trusts			
5	Income (loss) from partnerships and S corporations (attach statement)			
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)			
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10	Exploited exempt activity income (Schedule I)			
11	Advertising income (Schedule J)			
12	Other income (See instructions; attach schedule)			
13	<b>Total.</b> Combine lines 3 through 12	354,040.		354,040.

**Part II Deductions Not Taken Elsewhere** (See instructions for limitations on deductions)  
(Except for contributions, deductions must be directly connected with the unrelated business income)

14	Compensation of officers, directors, and trustees (Schedule K)		14	
15	Salaries and wages		15	129,527.
16	Repairs and maintenance		16	
17	Bad debts		17	
18	Interest (attach schedule)		18	
19	Taxes and licenses		19	98,471.
20	Charitable contributions (See instructions for limitation rules)		20	
21	Depreciation (attach Form 4562)	195,284.	21	
22	Less depreciation claimed on Schedule A and elsewhere on return		22a	
			22b	195,284.
23	Depletion		23	
24	Contributions to deferred compensation plans		24	
25	Employee benefit programs		25	55,552.
26	Excess exempt expenses (Schedule I)		26	
27	Excess readership costs (Schedule J)		27	
28	Other deductions (attach schedule)	SEE STATEMENT 2	28	321,976.
29	<b>Total deductions</b> Add lines 14 through 28		29	800,810.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	-446,770.
31	Net operating loss deduction (limited to the amount on line 30)	SEE STATEMENT 3	31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32	-446,770.
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)		33	1,000.
34	<b>Unrelated business taxable income</b> Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32		34	-446,770.

SCANNED JAN 17 2018



Part III Tax Computation

Table with 2 columns: Description and Amount. Rows include: 35 Organizations Taxable as Corporations, 36 Trusts Taxable at Trust Rates, 37 Proxy tax, 38 Alternative minimum tax, 39 Tax on Non-Compliant Facility Income, 40 Total.

Part IV Tax and Payments

Table with 2 columns: Description and Amount. Rows include: 41a Foreign tax credit, 42 Subtract line 41e from line 40, 43 Other taxes, 44 Total tax, 45a Payments, 46 Total payments, 47 Estimated tax penalty, 48 Tax due, 49 Overpayment, 50 Enter the amount of line 49 you want.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

Table with 2 columns: Question and Yes/No. Rows include: 51 At any time during the 2016 calendar year, did the organization have an interest in or a signature or other authority over a financial account... 52 During the tax year, did the organization receive a distribution from... 53 Enter the amount of tax-exempt interest received or accrued during the tax year.

Sign Here section containing a signature of Gary W. Bessell, dated 11-7-17, with title EXECUTIVE DIRECTOR. Includes a box for 'May the IRS discuss this return with the preparer shown below?' with 'Yes' checked.

Paid Preparer Use Only section containing: Print/Type preparer's name JAMES G. GRAHAM, Preparer's signature James D. Jackson, Date 11/3/17, Firm's name RSM US LLP, Firm's address 8020 EXCELSIOR DR STE 100 MADISON, WI 53717, Firm's EIN 42-0714325, Phone no. 608.833.3361.

**Schedule A - Cost of Goods Sold.** Enter method of inventory valuation **COST**

1	Inventory at beginning of year	1	137,735.	6	Inventory at end of year	6	162,846.
2	Purchases	2	1,153,734.	7	Cost of goods sold Subtract line 6 from line 5. Enter here and in Part I, line 2	7	2,966,606.
3	Cost of labor	3	1,517,835.	8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a	Additional section 263A costs (attach schedule)	4a					
b	Other costs (attach schedule)	4b	320,148.				X
5	<b>Total</b> Add lines 1 through 4b	5	3,129,452.				

**Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)**

(see instructions)

1 Description of property	
(1)	
(2)	
(3)	
(4)	
2 Rent received or accrued	
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)
(1)	
(2)	
(3)	
(4)	
Total	0.
3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)	
(b) Total deductions Enter here and on page 1, Part I, line 6, column (B)	
0.	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A)	
0.	

**Schedule E - Unrelated Debt-Financed Income** (see instructions)

1 Description of debt-financed property		2 Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			0.	0.
Total dividends-received deductions included in column 8			0.	0.

**Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

**Nonexempt Controlled Organizations**

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
<b>Totals</b>			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B)
			<b>0.</b>	<b>0.</b>

**Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
<b>Totals</b>		Enter here and on page 1, Part I, line 9, column (A)		Enter here and on page 1, Part I, line 9, column (B)
		<b>0.</b>		<b>0.</b>

**Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals</b>		Enter here and on page 1, Part I, line 10, col (A)	Enter here and on page 1, Part I, line 10, col (B)			Enter here and on page 1, Part II, line 26
		<b>0.</b>	<b>0.</b>			<b>0.</b>

**Schedule J - Advertising Income** (see instructions)

**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b>		<b>0.</b>	<b>0.</b>			<b>0.</b>

**Part II** **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line by-line basis )

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals from Part I</b>	<b>0.</b>	<b>0.</b>				<b>0.</b>
<b>Totals, Part II (lines 1-5)</b>	Enter here and on page 1, Part I, line 11, col (A) <b>0.</b>	Enter here and on page 1, Part I, line 11, col (B) <b>0.</b>				Enter here and on page 1, Part II, line 27 <b>0.</b>

**Schedule K - Compensation of Officers, Directors, and Trustees** (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total. Enter here and on page 1, Part II, line 14</b>			<b>0.</b>

## FOOTNOTES

STATEMENT 1

## LINE 31, NET OPERATING LOSS DETAIL:

2001	50,661.
2002	20,994.
2003	6,147.
2008	74,344.
2010	9,553.
2011	47,142.
2012	51,240.
2013	112,354.
2014	225,065.
2015	347,041.
TOTAL	944,541.

FORM 990-T	OTHER DEDUCTIONS	STATEMENT	2
DESCRIPTION		AMOUNT	
VEHICLE EXPENSE		98,181.	
OFFICE SUPPLIES		628.	
TRAVEL		19,893.	
PROFESSIONAL FEES		3,560.	
INSURANCE		6,840.	
PUBLICITY & PROMO		30,502.	
UTILITIES		91,000.	
INTEREST		23,909.	
MAINTENANCE		36,871.	
ADMIN EQUIPMENT AND REPAIR		3,643.	
LICENSES AND FEES		222.	
TELEPHONE		6,546.	
MISCELLANEOUS		181.	
TOTAL TO FORM 990-T, PAGE 1, LINE 28		321,976.	

FORM 990-T	NET OPERATING LOSS DEDUCTION	STATEMENT	3	
TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
12/31/01	50,661.	0.	50,661.	50,661.
12/31/02	20,994.	0.	20,994.	20,994.
12/31/03	6,147.	0.	6,147.	6,147.
12/31/08	74,344.	0.	74,344.	74,344.
12/31/10	9,553.	0.	9,553.	9,553.
12/31/11	47,142.	0.	47,142.	47,142.
12/31/12	51,240.	0.	51,240.	51,240.
12/31/13	112,354.	0.	112,354.	112,354.
12/31/14	225,065.	0.	225,065.	225,065.
12/31/15	347,041.	0.	347,041.	347,041.
NOL CARRYOVER AVAILABLE THIS YEAR			944,541.	944,541.





**Depreciation and Amortization**  
(Including Information on Listed Property) 990-T

Department of the Treasury  
Internal Revenue Service (99)

▶ **Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).**

▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**KANDU INDUSTRIES, INC.**

**FORM 990-T PAGE 1**

**39-1023165**

**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 instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	2,010,000.
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 2015 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2017 Add lines 9 and 10, less line 12	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property)**

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

**Part III MACRS Depreciation (Don't include listed property) (See instructions)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2016	17	195,284.
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 2016 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						
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	
	/		27 5 yrs	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

**Section C - Assets Placed in Service During 2016 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	
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 instr	22	195,284.
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	

**Part V** **Listed Property** (Include automobiles, certain other vehicles, certain aircraft, 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?  Yes  No **24b** If "Yes," is the evidence written?  Yes  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
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**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 25

**26** Property used more than 50% in a qualified business use

	(c) %	(d)	(e)	(f)	(g)	(h)	(i)

**27** Property used 50% or less in a qualified business use:

	(c) %	(d)	(e)	(f)	(g) S/L	(h)	(i)

**28** Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 28

**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		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (don't include commuting miles)												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven												
<b>33</b> Total miles driven during the year Add lines 30 through 32												
<b>34</b> Was the vehicle available for personal use during off-duty hours?												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person?												
<b>36</b> Is another vehicle available for personal use?												

**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 aren't more than 5% owners or related persons

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
<b>38</b> 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		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> 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?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use?		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," don't 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
<b>42</b> Amortization of costs that begins during your 2016 tax year					
<b>43</b> Amortization of costs that began before your 2016 tax year					43
<b>44</b> Total. Add amounts in column (f). See the instructions for where to report					44