

Form **990-T**

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

2017

Department of the Treasury
Internal Revenue Service

For calendar year 2017 or other tax year beginning 10/01/17, and ending 09/30/18

Go to www.irs.gov/Form990T for instructions and the latest information.

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

Check box if address changed

B Exempt under section

501(c)(3) (C) (0) (B)

408(e) 220(e)

408A 530(a)

529(a)

Name of organization (Check box if name changed and see instructions)

Print VALLEY OUTREACH

or

Type 1911 CURVE CREST BLVD. W.

Number, Street, and room or suite no. If a P O box, see instructions

City or town, state or province, country, and ZIP or foreign postal code

STILLWATER MN 55082

D Employer identification number (Employees' trust, see instructions)

41-1452973

E Unrelated business activity codes (See instructions)

531120

C Book value of all assets at end of year

2,464,070

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

RENTAL INCOME

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

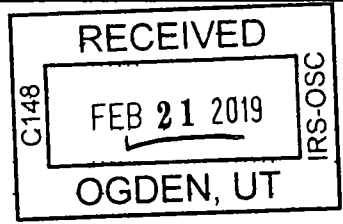
J The books are in care of MEGAN BUCHANAN Telephone number 651-430-2739

Part I Unrelated Trade or Business Income

	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances			
c Balance	1c		
2 Cost of goods sold (Schedule A, line 7)			
3 Gross profit Subtract line 2 from line 1c			
4a Capital gain net income (attach Schedule D)			
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
4b			
c Capital loss deduction for trusts			
4c			
5 Income (loss) from partnerships and S corporations (attach statement)			
5			
6 Rent income (Schedule C)			
6			
7 Unrelated debt-financed income (Schedule E)	84,447	94,021	-9,574
7			
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			
8			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
9			
10 Exploited exempt activity income (Schedule I)			
10			
11 Advertising income (Schedule J)			
11			
12 Other income (See instructions, attach schedule)			
12			
13 Total. Combine lines 3 through 12	84,447	94,021	-9,574
13			

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			
16 Repairs and maintenance			
16			
17 Bad debts			
17			
18 Interest (attach schedule)			
18			
19 Taxes and licenses			
19			
20 Charitable contributions (See instructions for limitation rules)			
20			
21 Depreciation (attach Form 4562)	37,517		
21			
22 Less depreciation claimed on Schedule A and elsewhere on return	37,517		0
22a			
22b			
23 Depletion			
23			
24 Contributions to deferred compensation plans			
24			
25 Employee benefit programs			
25			
26 Excess exempt expenses (Schedule I)			
26			
27 Excess readership costs (Schedule J)			
27			
28 Other deductions (attach schedule)			
28			
29 Total deductions. Add lines 14 through 28			
29			
30 Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13			-9,574
30			
31 Net operating loss deduction (limited to the amount on line 30)			
31			
32 Unrelated business taxable income before specific deduction Subtract line 31 from line 30			-9,574
32			
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)			1,000
33			
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			-9,574
34			



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Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation Controlled group members (sections 1561 and 1563) check here See instructions and

a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order)
 (1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter organization's share of (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

c Income tax on the amount on line 34 35c

36 Trusts Taxable at Trust Rates. See instructions for tax computation Income tax on the amount on line 34 from Tax rate schedule or Schedule D (Form 1041) 36

37 Proxy tax. See instructions 37

38 Alternative minimum tax 38

39 Tax on Non-Compliant Facility Income. See instructions 39

40 Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies 40

Part IV Tax and Payments

41a Foreign tax credit (corporations attach Form 1118, trusts attach Form 1116) 41a

b Other credits (see instructions) 41b

c General business credit Attach Form 3800 (see instructions) 41c

d Credit for prior year minimum tax (attach Form 8801 or 8827) 41d

e Total credits. Add lines 41a through 41d 41e

42 Subtract line 41e from line 40 42

43 Other taxes Check if from Form 4255 Form 8611 Form 8697 Form 8866 Other (att sch) 43

44 Total tax. Add lines 42 and 43 44 0

45a Payments A 2016 overpayment credited to 2017 45a

b 2017 estimated tax payments 45b

c Tax deposited with Form 8868 45c

d Foreign organizations Tax paid or withheld at source (see instructions) 45d

e Backup withholding (see instructions) 45e

f Credit for small employer health insurance premiums (Attach Form 8941) 45f

g Other credits and payments Form 2439 Form 4136 Other Total 45g

46 Total payments. Add lines 45a through 45g 46

47 Estimated tax penalty (see instructions) Check if Form 2220 is attached 47

48 Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed 48

49 Overpayment. If line 46 is larger than the total of lines 44 and 47, enter amount overpaid 49

50 Enter the amount of line 49 you want Credited to 2018 estimated tax Refunded 50

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

51 At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts If YES, enter the name of the foreign country here Yes No

52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file Yes No

53 Enter the amount of tax-exempt interest received or accrued during the tax year \$

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

Sign Here David J. Brown | 2/15/19 EXECUTIVE DIRECTOR

Signature of officer Date Title

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/Type preparer's name Preparer's signature Date Check if PTIN
 DAVID J. BROWN, CPA DAVID J. BROWN, CPA 02/12/19 self-employed P00390941

Firm's name DAVID J. BROWN, LLC Firm's EIN 27-1365963

Firm's address 12415 55TH ST N Phone no 651-430-3635
 LAKE ELMO, MN 55042

Schedule A – Cost of Goods Sold. Enter method of inventory valuation ▶

1 Inventory at beginning of year	1	6 Inventory at end of year	6	
2 Purchases	2	7 Cost of goods sold. Subtract	7	
3 Cost of labor	3	line 6 from line 5. Enter here and		
4a Additional sec 263A costs		in Part I, line 2		
(attach schedule)	4a			
b Other costs		8 Do the rules of section 263A (with respect to		Yes
(attach schedule)	4b	property produced or acquired for resale) apply		No
5 Total. Add lines 1 through 4b	5	to the organization?		

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

(see instructions)

1 Description of property

(1) N/A
(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)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	Total	(b) Total deductions.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶

Enter here and on page 1, Part I, line 6, column (B) ▶

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		
		STMT 1 (a) Straight line depreciation (attach schedule)	STMT 2 (b) Other deductions (attach schedule)	
(1) RENTAL INCOME	107,617	37,517	82,301	
(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) 631,569	804,862	78.47%	84,447	94,021
(2)		%		
(3)		%		
(4)		%		
SEE STATEMENT 3 SEE STATEMENT 4			Enter here and on page 1, Part I, line 7, column (A)	Enter here and on page 1, Part I, line 7, column (B)
Totals			84,447	94,021
Total dividends-received deductions included in column 8				

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

Table with 6 columns: 1 Name of controlled organization, 2 Employer identification number, 3 Net unrelated income (loss), 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. Rows (1) N/A, (2), (3), (4).

Nonexempt Controlled Organizations

Table with 5 columns: 7 Taxable Income, 8 Net unrelated income (loss), 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. Includes a Totals row with instructions for adding columns.

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

Table with 5 columns: 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). Includes a Totals row with instructions.

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

Table with 7 columns: 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, 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). Includes a Totals row with instructions.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

Table with 7 columns: 1 Name of periodical, 2 Gross advertising income, 3 Direct advertising costs, 4 Advertising gain or (loss) (col 2 minus col 3), 5 Circulation income, 6 Readership costs, 7 Excess readership costs (column 6 minus column 5, but not more than column 4). Includes a Totals row with instructions.

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) N/A						
(2)						
(3)						
(4)						
Totals from Part I	Enter here and on page 1, Part I line 11, col (A)	Enter here and on page 1 Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
Totals, Part II (lines 1-5)						

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) N/A		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			

Federal Statements**Statement 1 - Form 990-T, Schedule E, Column 3a - Straight Line Depreciation**

Description	Deduction
RENTAL INCOME	
INVESTMENT DEPR	37,517
TOTAL	<u>37,517</u>

Statement 2 - Form 990-T, Schedule E, Column 3b - Other Deductions

Description	Deduction
RENTAL INCOME	
INTEREST	30,990
INSURANCE	5,144
REPAIRS	10,579
TAXES	21,535
UTILITIES	7,402
SNOW AND LAWN CARE	2,390
MGMT OVERHEAD	4,261
TOTAL	<u>82,301</u>

Statement 3 - Form 990-T, Schedule E, Column 4 - Average Acquisition Debt

Description	Deduction
RENTAL INCOME	
SUM OF DEBT OUTSTANDING AT FIRST OF EACH MONTH	7,578,822
DIVIDED BY TOTAL NUMBER OF MONTHS PROPERTY HELD	12
AVERAGE ACQUISITION DEBT	<u>631,569</u>

Statement 4 - Form 990-T, Schedule E, Column 5 - Average Adjusted Basis

Description	Deduction
RENTAL INCOME	
ADJUSTED BASIS ON FIRST DAY PROPERTY WAS HELD	817,068
ADJUSTED BASIS ON LAST DAY PROPERTY WAS HELD	792,655
	<u>1,609,723</u>
DIVIDED BY 2	2
AVERAGE ADJUSTED BASIS	<u>804,862</u>

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2017

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

Attachment Sequence No **179**

Name(s) shown on return

VALLEY OUTREACH

Identifying number

41-1452973

Business or activity to which this form relates

INDIRECT DEPRECIATION

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	510,000
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	2,030,000
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 2016 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	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 2018 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) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	65,253

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 2017	17	0
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		

Section B—Assets Placed in Service During 2017 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 2017 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 instructions	22	65,253
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	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2017)