

EXTENDED TO FEBRUARY 15, 2019

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

OMB No 1545-0687

2017

For calendar year 2017 or other tax year beginning APR 1, 2017 and ending MAR 31, 2018

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

Form 990-T

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)

Print or Type

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

THE ARC OF WASHINGTON STATE

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

2638 STATE AVENUE NE

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

OLYMPIA, WA 98506-4880

D Employer identification number (Employees' trust, see instructions) 91-0747027

E Unrelated business activity codes (See instructions) 453310 900002

C Book value of all assets at end of year 6,026,998.

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. SALE OF INVENTORY FROM PARTNERING

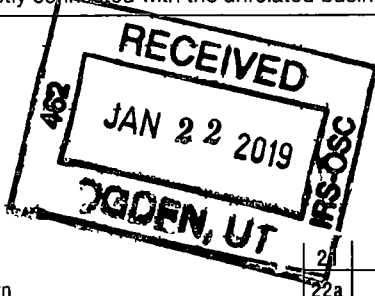
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No

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

J The books are in care of SUE ELLIOTT Telephone number (360) 357-5596

Table with 4 columns: Part I Unrelated Trade or Business Income, (A) Income, (B) Expenses, (C) Net. Rows 1-13 detailing gross receipts, cost of goods sold, and total income.

Table with 4 columns: Part II Deductions Not Taken Elsewhere, (A) Income, (B) Expenses, (C) Net. Rows 14-34 detailing various deductions and resulting taxable income.



SCANNED MAR 22 2019

Handwritten number 610

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 **SEE STATEMENT 6** 35c 1,801.
 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 **44** 40 1,801.

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 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~~ 1,801.
 43 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule) 43
 44 Total tax. Add lines 42 and 43 **48** 44 1,801.
 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 **48** 45g
 46 Total payments. Add lines 45a through 45g 46
 47 Estimated tax penalty (see instructions). Check if Form 2220 is attached **52** 47 62.
 48 Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed **STATEMENT 3** **53** 48 1,863.
 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 \$

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 *Nancy Stark* **Date** 1/21/19 **Title** PRESIDENT Yes No
 May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only
 Print/Type preparer's name: NORMAN R SMITH, CPA
 Preparer's signature: *[Signature]*
 Date: 12/20/18
 Check if self-employed
 PTIN: P00241319
 Firm's name: SMITH & ASSOCIATES
 Firm's EIN: 82-3157819
 Firm's address: 2120 CATON WAY SW OLYMPIA, WA 98502-1106
 Phone no.: (360) 754-9475

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ► **N/A**

1	Inventory at beginning of year	1	0.	6	Inventory at end of year	6	0.
2	Purchases	2	535,780.	7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	1,085,105.
3	Cost of labor	3	374,803.	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					
4b	Other costs (attach schedule)	4b	174,522.				X
5	Total. Add lines 1 through 4b	5	1,085,105.				

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		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(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.	Total 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.

(b) **Total deductions.** Enter here and on page 1, Part I, line 8, column (B) ► 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) RENTAL INCOME	134,935.		STATEMENT 8 141,733.	
(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 8 x total of columns 3(a) and 3(b))
(1) 539,310.	765,632.	70.44%	95,048.	99,837.
(2)		%		
(3)		%		
(4)		%		
Totals			95,048.	99,837.
Total dividends-received deductions included in column 8				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)				
			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)
Totals			0.	0.

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)				
		Enter here and on page 1, Part I, line 9, column (A)	Enter here and on page 1, Part I, line 9, column (B)	
Totals		0.	0.	

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)						
	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 28
Totals	0.	0.				0.

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)						
Totals (carry to Part II, line (5))	0.	0.				0.

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)						
Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	0. <small>Enter here and on page 1, Part I, line 11, col (A)</small>	0. <small>Enter here and on page 1, Part I, line 11, col (B)</small>				0. <small>Enter here and on page 1, Part II, line 27</small>

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)		%	
Total. Enter here and on page 1, Part II, line 14			0.

FORM 990-T	OTHER DEDUCTIONS	STATEMENT	1
DESCRIPTION		AMOUNT	
GROSS TO GROSS ALLOCATION OF GENERAL EXPENSES		96,767.	
TOTAL TO FORM 990-T, PAGE 1, LINE 28		96,767.	

FORM 990-T	NET OPERATING LOSS DEDUCTION	STATEMENT	2	
TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
03/31/11	28,103.	22,513.	5,590.	5,590.
03/31/12	23,903.	0.	23,903.	23,903.
03/31/15	49,082.	0.	49,082.	49,082.
03/31/17	17,653.	0.	17,653.	17,653.
NOL CARRYOVER AVAILABLE THIS YEAR			96,228.	96,228.

FORM 990-T	INTEREST AND PENALTIES	STATEMENT	3
TAX FROM FORM 990-T, PART IV		1,801.	
UNDERPAYMENT PENALTY		62.	
LATE PAYMENT INTEREST		34.	
LATE PAYMENT PENALTY		45.	
TOTAL AMOUNT DUE		1,942.	

FORM 990-T	LATE PAYMENT INTEREST	STATEMENT	4			
DESCRIPTION	DATE	AMOUNT	BALANCE	RATE	DAYS	INTEREST
TAX DUE	08/15/18	1,801.	1,801.	.0500	138	34.
DATE FILED	12/31/18		1,835.			
TOTAL LATE PAYMENT INTEREST						34.

FORM 990-T

LATE PAYMENT PENALTY

STATEMENT 5

DESCRIPTION	DATE	AMOUNT	BALANCE	MONTHS	PENALTY
TAX DUE	08/15/18	1,801.	1,801.	5	45.
DATE FILED	12/31/18		1,801.		
TOTAL LATE PAYMENT PENALTY					45.

FORM 990-T	LINE 35C TAX COMPUTATION	STATEMENT	6
1.	TAXABLE INCOME	10,924	
2.	LESSER OF LINE 1 OR FIRST BRACKET AMOUNT . .	10,924	
3.	LINE 1 LESS LINE 2	0	
4.	LESSER OF LINE 3 OR SECOND BRACKET AMOUNT . .	0	
5.	LINE 3 LESS LINE 4	0	
6.	INCOME SUBJECT TO 34% TAX RATE	0	
7.	INCOME SUBJECT TO 35% TAX RATE	0	
8.	15 PERCENT OF LINE 2	1,639	
9.	25 PERCENT OF LINE 4	0	
10.	34 PERCENT OF LINE 6	0	
11.	35 PERCENT OF LINE 7	0	
12.	ADDITIONAL 5% SURTAX	0	
13.	ADDITIONAL 3% SURTAX	0	
14.	TOTAL INCOME TAX		<u>1,639</u>
15.	TAX AT 21% RATE EFFECTIVE AFTER 12/31/2017	<u>2,294</u>	
	DAYS		
16.	TAX PRORATED FOR NUMBER OF DAYS IN 2017 275	1,235	
17.	TAX PRORATED FOR NUMBER OF DAYS IN 2018 90	<u>566</u>	
18.	TOTAL TAX PRORATED	<u>365</u>	<u>1,801</u>

FORM 990-T COST OF GOODS SOLD - OTHER COSTS STATEMENT 7

DESCRIPTION	AMOUNT
ADVERTISING	39.
INTEREST	7,705.
UTILITIES	10,573.
INSURANCE	6,476.
RENT	71,341.
GAS & OIL	26,082.
MILEAGE	10,770.
PROFESSIONAL SERVICES	4,110.
SUPPLIES	7,712.
REPAIRS	7,538.
MISCELLANEOUS	374.
DEPRECIATION	21,802.
TOTAL TO FORM 990-T, SCHEDULE A, LINE 4B	174,522.

FORM 990-T SCHEDULE E - OTHER DEDUCTIONS STATEMENT 8

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
PROFESSIONAL SERVICES		16,627.	
INSURANCE		6,292.	
REPAIRS		26,669.	
TAXES		17,097.	
UTILITIES		21,112.	
DEPRECIATION		20,856.	
INTEREST		32,340.	
MISCELLANEOUS		740.	
- SUBTOTAL -	1,		141,733.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(B)			141,733.