

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

OMB No 1545-0687

For calendar year 2017 or other tax year beginning 07/01, 2017, and ending 06/30, 2018.

2017

Department of the Treasury
Internal Revenue Service

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

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 220(e) <input type="checkbox"/> 530(a) <input type="checkbox"/> 408(e) <input type="checkbox"/> 408A <input type="checkbox"/> 529(a) C Book value of all assets at end of year 2,147,017.	Print or Type Name of organization (<input type="checkbox"/> Check box if name changed and see instructions) <u>HALE 'OPIO KAUA'I, INC.</u> Number, street, and room or suite no. If a P O box, see instructions <u>2959 UMI STREET</u> City or town, state or province, country, and ZIP or foreign postal code <u>LIHUE, HI 96766</u>	D Employer identification number (Employees' trust, see instructions) 99-0155279
		E Unrelated business activity codes (See instructions) 531120
F Group exemption number (See instructions) ▶		G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust

H Describe the organization's primary unrelated business activity ▶ RENTAL OF OFFICE SPACE OF DEBT FINANCED PROPERTY

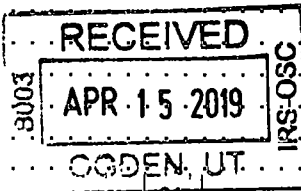
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
If "Yes," enter the name and identifying number of the parent corporation ▶

J The books are in care of ▶ HALE OPIO KAUA'I, INC. Telephone number ▶ 808-245-2873

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)			
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)	7,768.	7,288.	480.
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule 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	Total. Combine lines 3 through 12.	7,768.	7,288.	480.

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)			
15	Salaries and wages			
16	Repairs and maintenance			
17	Bad debts			
18	Interest (attach schedule)			
19	Taxes and licenses			
20	Charitable contributions (See instructions for limitation rules)			
21	Depreciation (attach Form 4562)			
22	Less depreciation claimed on Schedule A and elsewhere on return			
		22a		22b
23	Depletion			
24	Contributions to deferred compensation plans			
25	Employee benefit programs			
26	Excess exempt expenses (Schedule I)			
27	Excess readership costs (Schedule J)			
28	Other deductions (attach schedule)			
29	Total deductions. Add lines 14 through 28.			
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13			480.
31	Net operating loss deduction (limited to the amount on line 30)			
32	Unrelated business taxable income before specific deduction Subtract line 31 from line 30			480.
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)			1,000.
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.			0.



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Part III Total Unrelated Business Taxable Income

Table with 2 columns: Description and Amount. Rows include: 33 Total of unrelated business taxable income... -54,477; 34 Amounts paid for disallowed fringes; 35 Deduction for net operating loss...; 36 Total of unrelated business taxable income before specific deduction... -54,477; 37 Specific deduction... 1,000; 38 Unrelated business taxable income... -54,477.

Part IV Tax Computation

Table with 2 columns: Description and Amount. Rows include: 39 Organizations Taxable as Corporations... -11,440; 40 Trusts Taxable at Trust Rates; 41 Proxy tax; 42 Alternative minimum tax; 43 Tax on Noncompliant Facility Income; 44 Total. Add lines 41, 42, and 43 to line 39 or 40... -11,440.

Part V Tax and Payments

Table with 2 columns: Description and Amount. Rows include: 45a Foreign tax credit; 45b Other credits; 45c General business credit; 45d Credit for prior year minimum tax; 45e Total credits; 46 Subtract line 45e from line 44... -11,440; 47 Other taxes; 48 Total tax... -11,440; 49 2018 net 965 tax liability paid; 50a Payments: A 2017 overpayment credited to 2018; 50b 2018 estimated tax payments; 50c Tax deposited with Form 8868; 50d Foreign organizations; 50e Backup withholding; 50f Credit for small employer health insurance premiums; 50g Other credits, adjustments, and payments; 51 Total payments; 52 Estimated tax penalty; 53 Tax due; 54 Overpayment... 11,440; 55 Enter the amount of line 54 you want: Credited to 2019 estimated tax; Refunded; 11,440.

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

Table with 3 columns: Description, Yes, No. Rows include: 56 At any time during the 2018 calendar year, did the organization have an interest in or a signature or other authority over a financial account... X; 57 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? X; 58 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: VONNELL RAMOS (Signature) 4/1/19 (Date) EXECUTIVE DIRECTOR (Title). May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [] No.

Table with 4 columns: Print/Type preparer's name, Preparer's signature, Check self-employed, PTIN. Rows include: RUSSELL T YAMANE CPA, PRESI; Russell T Yamane; FEB 13 2019; P00082045; Firm's name: RUSSELL YAMANE & ASSOC., CPAS, INC.; Firm's EIN: 94-3282687; Firm's address: 2158 MAIN ST., SUITE 202, WAILUKU, HI 96793; Phone no: 808-244-5527.

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 line 6 from line 5. Enter here and in Part I, line 2.	7	
3	Cost of labor	3		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					X
4b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5					

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

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

(b) Total deductions. 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	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)	ATTACHMENT 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 ▶			Enter here and on page 1, Part I, line 7, column (A) 7,768.	Enter here and on page 1, Part I, line 7, column (B). 7,288.
Total dividends-received deductions included in column 8 ▶				

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

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

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 26

Totals

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))						

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 ▶						
Totals, Part II (lines 1-5) ▶	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

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 ▶			

SCHEDULE E - UNRELATED DEBT-FINANCED INCOME

ATTACHMENT 1

1. DESCRIPTION OF DEBT-FINANCED PROPERTY	2. GROSS INCOME	3. DEDUCTIONS DIRECTLY CONNECTED (3A)	4. AVERAGE ACQUISITION DEBT	5. AVERAGE ADJUSTED BASIS	6. § 4 IS OF 5	7. GROSS INCOME REPORTABLE (2 X 6)	8. ALLOCABLE DEDUCTIONS 6 * (3A + 3B)
ADMINISTRATION BUILDING	41,070.	16,322.	210,803.	1,114,601.	18.913	7,768.	7,288.
		22,212.					
TOTALS						<u>7,768.</u>	<u>7,288.</u>

Depreciation and Amortization (Including Information on Listed Property)

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

Identifying number

HALE 'OPIO KAUA'I, INC.

99-0155279

Business or activity to which this form relates

GENERAL 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.

Table with 5 main rows for general depreciation calculations (lines 1-5) and a table for listed property (lines 6-13).

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)

Table for Part II with 3 rows (lines 14-16) for special depreciation allowance and other depreciation.

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

Section A

Table for Section A with 2 rows (lines 17-18) for MACRS deductions and general asset accounts.

Section B - Assets Placed in Service During 2017 Tax Year Using the General Depreciation System

Table for Section B with 7 columns (a-g) and 9 rows (lines 19a-i) for general depreciation system assets.

Section C - Assets Placed in Service During 2017 Tax Year Using the Alternative Depreciation System

Table for Section C with 7 columns (a-g) and 3 rows (lines 20a-c) for alternative depreciation system assets.

Part IV Summary (See instructions.)

Table for Part IV with 3 rows (lines 21-23) for summary of depreciation amounts.

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? 24b If "Yes," is the evidence written? 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) 26 Property used more than 50% in a qualified business use. 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 29 Add amounts in column (i), line 26 Enter here and on line 7, page 1

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.

30 Total business/investment miles driven during the year (don't include commuting miles) 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 34 Was the vehicle available for personal use during off-duty hours? 35 Was the vehicle used primarily by a more than 5% owner or related person? 36 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 (see instructions).

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," don't complete Section B for the covered vehicles.

Part VI Amortization

42 Amortization of costs that begins during your 2017 tax year (see instructions): 43 Amortization of costs that began before your 2017 tax year 44 Total. Add amounts in column (f) See the instructions for where to report

FORM 990-T SCHEDULE E - DEPRECIATION DEDUCTION STATEMENT 1
 ACTIVITY 1

	Cost	Accum Depr 6/30/17	Current Year Deduction	Current Year Depreciation	Accum Depr 6/30/18
Admin Building	760,961.00	(760,961.00)	-	-	(760,961.00)
Admin Land	458,938.00	-	-	-	-
Admin Window Tint	4,392.00	(2,217.00)	(220.00)	(220)	(2,437.00)
Admin Restoration	341,507.00	(159,368.00)	(17,075.00)	(8,756)	(176,443.00)
Admin Plumbing	1,225.00	(601.00)	(61.00)	(61)	(662.00)
Admin Cap Interest	11,209.00	(5,041.00)	(560 00)	(530)	(5,601.00)
Admin Refi Fees	5,142.00	(5,142.00)	-	-	(5,142 00)
Admin Chiller	78,500.00	(16,508.00)	(3,925.00)	(2,013)	(20,433.00)
Admin Bldg - Carpet	10,975.00	(1,235.00)	(549.00)	(282)	(1,784.00)
Admin Bldg - A/C	412,944.00	(20,647.00)	(20,647.00)	(10,588)	(41,294.00)
Admin Reuphls Chair	1,240.00	(351 00)	(248 00)	(127)	(599.00)
Admin Bottom Floor	21,415.00	-	(268 00)	(137)	(268.00)
	<u>2,108,448.00</u>	<u>(972,071.00)</u>	<u>(43,553.00)</u>	<u>(22,713.70)</u>	<u>(1,015,624.00)</u>
			Allocation to rental	<u>72%</u>	
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(A)				<u>(16,322)</u>	

FORM 990-T

SCHEDULE E - OTHER DEDUCTIONS

STATEMENT 2

	ACTIVITY		
	NUMBER	AMOUNT	TOTAL
REAL ESTATE TAXES		54	
INSURANCE		2,481	
GENERAL EXCISE TAX		689	
INTEREST		3,988	
UTILITIES		5,064	
OFFICE SUPPLIES		35	
OUTSIDE SERVICES		2,306	
REPAIRS & MAINTENANCE		7,269	
MISCELLANEOUS		326	
	SUBTOTAL	1	22,212
	TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(B)		22,212