

**CAGIANUT & COMPANY, CPA
13510 SE 59TH ST
BELLEVUE, WA 98006-4118
(425) 641-4808**

RECEIVED
FEB 03 2014

BY:

January 30, 2014

Licorice Fern II Homeowners Association
2801 Alaskan Way, Suite 200
Seattle, WA 98121

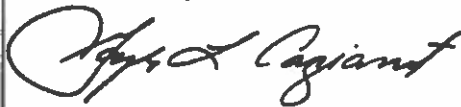
Dear Board of Directors:

Enclosed is your 2013 Federal Income Tax Return for Homeowners Associations. The original should be signed at the bottom of page one. No tax is payable with the filing of this return. Mail the Federal return on or before March 17, 2014 to:

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE CENTER
OGDEN, UT 84201-0012

Please be sure to call if you have any questions.

Sincerely,



Gayle L. Cagianut

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1120-H and its separate instructions is at www.irs.gov/form1120h.

For calendar year 2013 or tax year beginning _____, 2013, and ending _____,

| | | |
|----------------------|---|--|
| TYPE OR PRINT | Licorice Fern II Homeowners Association 2801 Alaskan Way, Suite 200 Seattle, WA 98121 | Employer identification number 80-0041489 Date association formed 1/18/1985 |
|----------------------|---|--|

Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

A Check type of homeowner's association: Condominium management association Residential real estate association Timeshare association

| | |
|---|------------------|
| B Total exempt function income. Must meet 60% gross income test (see instructions)..... | B 25,290. |
| C Total expenditures made for purposes described in 90% expenditure test (see instructions)..... | C 23,296. |
| D Association's total expenditures for the tax year (see instructions)..... | D 23,496. |
| E Tax-exempt interest received or accrued during the tax year..... | E |

Gross Income (excluding exempt function income)

| | |
|--|--------------|
| 1 Dividends..... | 1 |
| 2 Taxable interest..... | 2 42. |
| 3 Gross rents..... | 3 |
| 4 Gross royalties..... | 4 |
| 5 Capital gain net income (attach Schedule D (Form 1120))..... | 5 |
| 6 Net gain (or loss) from Form 4797, Part II, line 17 (attach Form 4797)..... | 6 |
| 7 Other income (excluding exempt function income) (attach statement)..... | 7 |
| 8 Gross income (excluding exempt function income). Add lines 1 through 7..... | 8 42. |

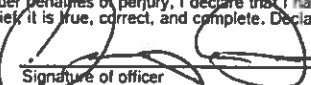
Deductions (directly connected to the production of gross income, excluding exempt function income)

| | |
|---|------------------|
| 9 Salaries and wages..... | 9 |
| 10 Repairs and maintenance..... | 10 |
| 11 Rents..... | 11 |
| 12 Taxes and licenses..... | 12 |
| 13 Interest..... | 13 |
| 14 Depreciation (attach Form 4562)..... | 14 |
| 15 Other deductions (attach statement)..... See Statement 1 | 15 200. |
| 16 Total deductions. Add lines 9 through 15..... | 16 200. |
| 17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8..... | 17 -158. |
| 18 Specific deduction of \$100..... | 18 \$100. |


Tax and Payments

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------|----|--|---|--|----------------------|----|-------------------------------------|--|------------|--|--|--|------------|--|--|--|------------|--|----------------------------------|--|------------|----|--|
| 19 Taxable income. Subtract line 18 from line 17..... | 19 -258. | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 Enter 30% of line 19. (Timeshare associations, enter 32% of line 19.)..... | 20 0. | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 Tax credits (see instructions)..... | 21 | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits..... | 22 0. | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">a 2012 overpayment credited to 2013... 23a</td> <td style="width:30%;"></td> <td style="width:10%;"></td> <td style="width:30%;"></td> </tr> <tr> <td>b 2013 estimated tax payments..... 23b</td> <td></td> <td>c Total ▶ 23c</td> <td>0.</td> </tr> <tr> <td>d Tax deposited with Form 7004.....</td> <td></td> <td>23d</td> <td></td> </tr> <tr> <td>e Credit for tax paid on undistributed capital gains (attach Form 2439).....</td> <td></td> <td>23e</td> <td></td> </tr> <tr> <td>f Credit for federal tax paid on fuels (attach Form 4136).....</td> <td></td> <td>23f</td> <td></td> </tr> <tr> <td>g Add lines 23c through 23f.....</td> <td></td> <td>23g</td> <td>0.</td> </tr> </table> | a 2012 overpayment credited to 2013... 23a | | | | b 2013 estimated tax payments..... 23b | | c Total ▶ 23c | 0. | d Tax deposited with Form 7004..... | | 23d | | e Credit for tax paid on undistributed capital gains (attach Form 2439)..... | | 23e | | f Credit for federal tax paid on fuels (attach Form 4136)..... | | 23f | | g Add lines 23c through 23f..... | | 23g | 0. | |
| a 2012 overpayment credited to 2013... 23a | | | | | | | | | | | | | | | | | | | | | | | | | |
| b 2013 estimated tax payments..... 23b | | c Total ▶ 23c | 0. | | | | | | | | | | | | | | | | | | | | | | |
| d Tax deposited with Form 7004..... | | 23d | | | | | | | | | | | | | | | | | | | | | | | |
| e Credit for tax paid on undistributed capital gains (attach Form 2439)..... | | 23e | | | | | | | | | | | | | | | | | | | | | | | |
| f Credit for federal tax paid on fuels (attach Form 4136)..... | | 23f | | | | | | | | | | | | | | | | | | | | | | | |
| g Add lines 23c through 23f..... | | 23g | 0. | | | | | | | | | | | | | | | | | | | | | | |
| 24 Amount owed. Subtract line 23g from line 22 (see instructions)..... | 24 0. | | | | | | | | | | | | | | | | | | | | | | | | |
| 25 Overpayment. Subtract line 22 from line 23g..... | 25 | | | | | | | | | | | | | | | | | | | | | | | | |
| 26 Enter amount of line 25 you want: Credited to 2014 estimated tax ▶ | Refunded ▶ 26 | | | | | | | | | | | | | | | | | | | | | | | | |

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 Signature of officer:  Date: 2/10/14 Title: _____

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

| | | | | | |
|-------------------------------|--|---|-----------------|--|--------------------------|
| Paid Preparer Use Only | Print/Type preparer's name Gayle L. Cagianut | Preparer's signature  | Date 1/30/14 | Check self-employed if <input checked="" type="checkbox"/> | PTIN P00543860 |
| | Firm's name ▶ Cagianut & Company, CPA | Firm's EIN ▶ 77-0279152 | | Phone no. (425) 641-4808 | |
| | Firm's address ▶ 13510 SE 59th St Bellevue, WA 98006-4118 | | | | |

Statement 1
Form 1120-H, Line 15
Other Deductions

| | | |
|-------------------------|----------|-------------|
| Taxable Deductions..... | \$ | 200. |
| | Total \$ | <u>200.</u> |

Licorice Fern II 12-31-13 Tax WP

| 1120-H Worksheet for | Licorice Fern II Homeowners Association | | FYE | 12/31/2013 |
|----------------------------------|---|--------------|------------------|--------------|
| | Exempt Function | Taxable | Capital Reserves | Total |
| Income | | | | |
| Assessments | 25218 | | 5582 | 30800 |
| Special Assessments | | | | 0 |
| Interest | | 42 | | 42 |
| Laundry/Rental | | | | 0 |
| Miscellaneous | 72 | | | 72 |
| Adjustments to Income | | | | |
| Interest Allocations to Reserves | | | | 0 |
| Noncapital Reserve Allocations | | | | 0 |
| TOTAL INCOME | 25290 | 42 | 5582 | 30914 |
| Expenses | | | | |
| Accounting | | 200 | | 200 |
| Management | 6756 | | | 6756 |
| Laundry/Rental | | | | 0 |
| Other Deductions | 16540 | | | 16540 |
| Federal Taxes | | | | 0 |
| | | | | 0 |
| Reserve Expenditures | | | | 0 |
| TOTAL EXPENSES | 23296 | 200 | 0 | 23496 |
| NET INCOME PER F/S | 1994 | (158) | 5582 | 7418 |
| PERM ADJUSTMENTS | | | | |
| Federal Taxes | | | | 0 |
| Transfers Between Funds | | | | 0 |
| | | | | |
| INCOME ADJUSTMENTS | | | | |
| 70-604 c/o from prior year | | | | 0 |
| EXPENSE ADJUSTMENTS | | | | |
| Sec. 277 c/o from prior year | | | | 0 |
| | | | | |
| TAX RETURN TOTALS | 1994 | (158) | 5582 | 7418 |
| | *Non Taxable* | | *Non Taxable* | |

| | | | |
|-----------------------------------|-------|----------------------|-------|
| Total Exempt Function Income | 25290 | 80% of Gross Income | 15199 |
| Total 90% Expenditures | 23296 | 90% of Total Expense | 21146 |
| Total Expenditures | 23496 | | |
| Exempt Function Income Test is OK | | | |
| 90% of Expenditure Test is OK | | | |