

A Check if:

1a Consolidated return (attach Form 851)

b Life/nonlife consolidated return

2 Personal holding co. (attach Sch. PH)

3 Personal service corp. (see instructions)

4 Schedule M-3 attached

Use IRS label. Otherwise, print or type.

Name
KOOL SYSTEMS INC

Number, street, and room or suite no. If a P.O. box, see instructions.
2710 MARLEY CT

City or town, state, and ZIP code
FLETCHER NC 28732

B Employer identification number
40-0001811

C Date incorporated
02-15-1997

D Total assets (see instructions)
\$ 196,079

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

Income	1a Gross receipts or sales	195,410	b Less returns and allowances	11,300	c Bal	1c	184,110
	2 Cost of goods sold (Schedule A, line 8)					2	88,333
	3 Gross profit. Subtract line 2 from line 1c					3	95,777
	4 Dividends (Schedule C, line 19)					4	
	5 Interest					5	
	6 Gross rents					6	27,500
	7 Gross royalties					7	
	8 Capital gain net income (attach Schedule D (Form 1120))					8	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
	10 Other income (see instructions - attach schedule)					10	
	11 Total income. Add lines 3 through 10					11	123,277

Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4)		12	4,500
	13 Salaries and wages (less employment credits)		13	46,400
	14 Repairs and maintenance		14	6,500
	15 Bad debts		15	4,500
	16 Rents		16	
	17 Taxes and licenses	ATT. CTL.	17	15,100
	18 Interest		18	
	19 Charitable contributions		19	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		20	17,853
	21 Depletion		21	
	22 Advertising		22	1,500
	23 Pension, profit-sharing, etc., plans		23	
	24 Employee benefit programs		24	
	25 Domestic production activities deduction (attach Form 8903)		25	
	26 Other deductions (attach schedule)	STATEMENT # 5	26	14,050
	27 Total deductions. Add lines 12 through 26		27	110,403
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	12,874
29 Less: a Net operating loss deduction (see instructions)	29a			
b Special deductions (Schedule C, line 20)	29b			
29c				

Tax, Refundable Credits, and Payments	30 Taxable income. Subtract line 29c from line 28 (see instructions)		30	12,874
	31 Total tax (Schedule J, line 10)		31	1,931
	32a 2007 overpayment credited to 2008	32a		
	b 2008 estimated tax payments	32b		
	c 2008 refund applied for on Form 4466	32c		
	d Bal	32d		
	e Tax deposited with Form 7004	32e		
	f Credits: (1) Form 2439 (2) Form 4136	32f		
	g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g		
	32h			
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached		33		
34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed		34	1,931	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid		35		
36 Enter amount from line 35 you want: Credited to 2009 estimated tax ▶ Refunded ▶		36		

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: 04-13-2009 Date Title: PRESIDENT

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

Paid Preparer's Use Only

Preparer's signature: David Date: 04-13-2009 Check if self-employed: Preparer's SSN or PTIN: 444-55-6666

Firm's name (or yours if self-employed), address, and ZIP code: Drake Tax Service
235 East Palmer Street
Franklin NC 28734 EIN: 12-3456789

Phone no.: (828) 524-8020

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	8,000
2	Purchases	2	75,333
3	Cost of labor	3	9,000
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	92,333
7	Inventory at end of year	7	4,000
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	88,333

- 9a Check all methods used for valuing closing inventory:
- (i) Cost
 - (ii) Lower of cost or market
 - (iii) Other (Specify method used and attach explanation.) ▶ _____
- b Check if there was a writedown of subnormal goods ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d** _____
- e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2	Total compensation of officers				
3	Compensation of officers claimed on Schedule A and elsewhere on return				
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12				

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	1,931
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		1,931
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	
7	Subtract line 6 from line 4	7	1,931
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)	9	
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31	10	1,931

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ <u>238220</u>		
b	Business activity ▶ <u>HEATING AND AIR COND</u>		
c	Product or service ▶ <u>CONSTRUCTION</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶ _____		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v).		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote?	X	
For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).			

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock
KEN KOOL	123-45-6789	US	100

Schedule K Continued

5 At the end of the tax year, did the corporation:

	Yes	No
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851 , Affiliations Schedule? For rules of constructive ownership, see instructions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If "Yes," complete (i) through (iv).		

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions

	Yes	No
If "Yes," complete (i) through (iv).	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

	Yes	No
If "Yes," file Form 5452 , Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____ (c) The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ <u>0</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.	<input type="checkbox"/>	<input type="checkbox"/>
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____	<input type="checkbox"/>	<input type="checkbox"/>
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ <u>1</u>	<input type="checkbox"/>	<input type="checkbox"/>
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.	<input type="checkbox"/>	<input type="checkbox"/>
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____	<input type="checkbox"/>	<input type="checkbox"/>
13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____	<input type="checkbox"/>	<input type="checkbox"/>

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		40,145		58,725
2a	Trade notes and accounts receivable	23,555		56,333	
b	Less allowance for bad debts	()	23,555	()	56,333
3	Inventories		8,000		4,000
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)		25,471		9,823
6	Other current assets (attach schedule)	STATEMENT # 8	2,860		2,033
7	Loans to shareholders		9,400		5,630
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	155,755		160,955	
b	Less accumulated depreciation	(83,567)	72,188	(101,420)	59,535
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)				
15	Total assets		181,619		196,079
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year		2,200		5,733
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock	57,864	57,864	58,538	58,538
23	Additional paid-in capital				
24	Retained earnings-Appropriated (attach schedule)				
25	Retained earnings-Unappropriated		121,555		131,808
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity		181,619		196,079

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return
 Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more-see instructions

1	Net income (loss) per books	10,253	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	1,931		Tax-exempt interest \$ _____	
3	Excess of capital losses over capital gains			_____	
4	Income subject to tax not recorded on books this year (itemize): _____			_____	
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$ _____			a Depreciation \$ _____	
b	Charitable contributions . . \$ _____			b Charitable contributions \$ _____	
c	Travel and entertainment \$ _____			_____	
	STATEMENT # 16 690	690	9	Add lines 7 and 8	
6	Add lines 1 through 5	12,874	10	Income (page 1, line 28)-line 6 less line 9	12,874

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	121,555	5	Distributions: a Cash	
2	Net income (loss) per books	10,253		b Stock	
3	Other increases (itemize): _____			c Property	
	_____		6	Other decreases (itemize): _____	
	_____		7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	131,808	8	Balance at end of year (line 4 less line 7)	131,808

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

2008
Attachment
Sequence No. **67**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

KOOL SYSTEMS INC

FORM 1120

40-0001811

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 the instructions for a higher limit for certain businesses	1	
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	
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	

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6				
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 2007 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 do not enter more than line 11		12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not 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	2,600
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,771

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	5,887
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 2008 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		2,600	5	HY	200 DB	520
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	
i	Nonresidential real property			39 yrs.	MM	S/L	

Section C - Assets Placed in Service During 2008 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	7,075
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	17,853
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, cellular telephones, 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	
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) 25									
26 Property used more than 50% in a qualified business use:									
TRUCK1	20041122	100 %	56,000	56,000	5	200 DB-HY	1,875		
TRUCK2	20070713	100 %	21,355	21,355	5	200 DB-HY	5,200		
27 Property used 50% or less in a qualified business use:									
		%				S/L-			
		%				S/L-			
		%				S/L-			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	7,075	
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.

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	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?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
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 are **not** more than 5% owners or related persons (see instructions).

	Yes	No
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," do not 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
42 Amortization of costs that begins during your 2008 tax year (see instructions):					
43 Amortization of costs that began before your 2008 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Department of the Treasury
Internal Revenue Service

For calendar year 2008, or tax year beginning _____, 2008, ending _____.

2008

▶ **See instructions. Do not send to the IRS. Keep for your records.**

Name of corporation

KOOL SYSTEMS INC

Employer identification number

40-0001811

Part I Tax Return Information (Whole dollars only)

1	Total income (Form 1120, line 11)	1	123,277
2	Taxable income (Form 1120, line 30)	2	12,874
3	Total tax (Form 1120, line 31)	3	1,931
4	Amount owed (Form 1120, line 34)	4	1,931
5	Overpayment (Form 1120, line 35)	5	

Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2008 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at **1-888-353-4537** no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize _____ to enter my PIN _____ as my signature
ERO firm name do not enter all zeros
 on the corporation's 2008 electronically filed income tax return.

As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2008 electronically filed income tax return.

Officer's signature ▶ _____ Date ▶ 01-15-2009 Title ▶ PRESIDENT

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. 777777 12345
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2008 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 3112**, IRS e-file Application and Participation, and **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ _____ Date ▶ 04-13-2009

**ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So**

Federal Supporting Statements

2008 PG 1

Name(s) as shown on return

Your Social Security Number

KOOL SYSTEMS INC

40-0001811

FORM 1120 PAGE 1

STATEMENT # 5

<u>DESCRIPTION</u>	<u>AMOUNT</u>
ACCOUNTING COST	1,700
INSURANCE	4,400
TELEPHONE	1,250
UTILITIES	6,700
TOTAL	14,050

Federal Supporting Statements

2008 PAGE 1

Name(s) as shown on return

Your Social Security Number

KOOL SYSTEMS INC

40-0001811

FORM 1120, SCHEDULE L, LINE 6

STATEMENT # 8

OTHER CURRENT ASSETS

<u>DESCRIPTION</u>	<u>BEGINNING OF TAX YEAR</u>	<u>END OF TAX YEAR</u>
PREPAID EXPENSES	<u>2,502</u>	<u>1,303</u>
PREPAID TAXES	<u>358</u>	<u>730</u>
TOTALS:	<u><u>2,860</u></u>	<u><u>2,033</u></u>

Federal Supporting Statements

2008 PG01

Name(s) as shown on return

Your Social Security Number

KOOL SYSTEMS INC

40-0001811

Schedule M-1 Line 5C

STATEMENT # 16

DESCRIPTION

AMOUNT

FINES FOR PERMIT EXPIRATION

690

TOTAL:

690

Estimated Tax for Corporations

For calendar year 2009, or tax year beginning _____, 2009, and ending _____, 20____

KOOL SYSTEMS INC 40-0001811

2009

Department of the Treasury
Internal Revenue Service

(Keep for the corporation's records-Do not send to the Internal Revenue Service.)

Part I Estimated Tax Computation

1	Taxable income expected for the tax year				1	22,000		
Qualified personal service corporations (defined in the instructions), skip lines 2 through 13 and go to line 14. Members of a controlled group, see instructions.								
2	Enter the smaller of line 1 or \$50,000				2	22,000		
3	Multiply line 2 by 15%				3		3,300	
4	Subtract line 2 from line 1				4			
5	Enter the smaller of line 4 or \$25,000				5			
6	Multiply line 5 by 25%				6			
7	Subtract line 5 from line 4				7			
8	Enter the smaller of line 7 or \$9,925,000				8			
9	Multiply line 8 by 34%				9			
10	Subtract line 8 from line 7				10			
11	Multiply line 10 by 35%				11			
12	If line 1 is greater than \$100,000, enter the smaller of (a) 5% of the excess over \$100,000 or (b) \$11,750. Otherwise, enter -0-				12		0	
13	If line 1 is greater than \$15 million, enter the smaller of (a) 3% of the excess over \$15 million or (b) \$100,000. Otherwise, enter -0-				13		0	
14	Add lines 3, 6, 9, and 11 through 13. (Qualified personal service corporations, multiply line 1 by 35%.)				14		3,300	
15	Alternative tax. If the corporation has qualified timber gain, complete Part II and enter the amount from line 37 here. Otherwise, skip lines 15 and 16 and go to line 17				15			
16	Enter smaller of line 14 or line 15				16			
17	Alternative minimum tax (see instructions)				17			
18	Total. If the corporation has qualified timber gain, add lines 16 and 17. Otherwise, add lines 14 and 17				18		3,300	
19	Tax credits (see instructions)				19			
20	Subtract line 19 from line 18				20		3,300	
21	Other taxes (see instructions)				21			
22	Total tax. Add lines 20 and 21				22		3,300	
23	Credit for federal tax paid on fuels (see instructions)				23			
24	Subtract line 23 from line 22. Note: If the result is less than \$500, the corporation is not required to make estimated tax payments				24		3,300	
25a	Enter the tax shown on the corporation's 2008 tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 24 on line 25b				25a		4,550	
b	Enter the smaller of line 24 or line 25a. If the corporation is required to skip line 25a, enter the amount from line 24				25b		3,300	
26								
		(a)	(b)	(c)	(d)			
26	Installment due dates (see instructions) ▶	04-15-2009	06-15-2009	09-15-2009	12-15-2009			
27	Required installments. Enter 25% of line 25b in columns (a) through (d) unless the corporation uses the annualized income installment method or adjusted seasonal installment method or is a "large corporation" (see instructions)	1,200	1,200	1,200	1,200			

Summary of Estimates

2009

Name(s) as shown on return

Your SSN/EIN

KOOL SYSTEMS INC

40-0001811

Federal
Form: 1120W

Payment Schedule

Due Date	04-15-2009	06-15-2009	09-15-2009	12-15-2009	Total
Total Installment Amount	1,200	1,200	1,200	1,200	4,800
Overpayment Applied					
Net Installment Due	1,200	1,200	1,200	1,200	4,800

Taxpayer Records

Amount Actually Paid				
Date Paid				
Check #/Confirmation				

TAX COMPUTATION WORKSHEET

2008

Name(s) shown on return

Identifying Number

KOOL SYSTEMS INC

40-0001811

LOWER END OF BRACKET	UPPER END OF BRACKET	TAX RATE	INCOME IN BRACKET	INCOME TAX BY BRACKET
0	50,000	15 %	12,874	1,931
50,000	75,000	25 %		
75,000	100,000	34 %		
100,000	335,000	39 %		
335,000	10,000,000	34 %		
10,000,000	15,000,000	35 %		
15,000,000	18,333,333	38 %		
18,333,333	AND UP	35 %		
TOTALS			<u>12,874</u>	<u>1,931</u>

TAX COMPUTATION FOR CONTROLLED/CONSOLIDATED GROUPS

50,000 BRACKET	15 %		
25,000 BRACKET	25 %		
9,925,000 BRACKET	34 %		
ADD'L 5% TAX AMOUNT	100 %		
ADD'L 3% TAX AMOUNT	100 %		
10,000,000 + BRACKET	35 %		
TOTALS			

Taxes and Licenses Attachment

2008

CORPORATION NAME

KOOL SYSTEMS INC

EIN

40-0001811

Taxes and Licenses

Form 1120

Page 1, Line 17

1 State income taxes	1,200
2 State franchise taxes	
3 City income taxes	
4 City franchise taxes	
5 Local property taxes	5,900
6 Intangible property taxes	
7 Payroll taxes	6,500
8 Less: credit from Form 8846	
9 Foreign taxes paid	
10 Occupancy taxes	
11 Other miscellaneous taxes	
12 Licenses	1,500
13 Total to Form 1120, Page 1, Line 17	15,100

Note: This information does not transmit to the IRS with e-filed returns. Including with a paper filed return is optional.

Depreciation Detail Listing

FORM 1120

For your records only

2008

PAGE 1

* Item was disposed
of during current year.

Name(s) as shown on return

KOOL SYSTEMS INC

Social security number/EIN

40-0001811

No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	Bonus depreciation	AMT Current
1	TRUCK1	20041122	56,000		100.00		56,000	5	200 DB HY	11.52	1,875	11,250			1,875
2	COMPUTER	20080214	5,200		100.00		2,600	5	200 DB HY	20	520	3,120		CY/50 2,600	520
3	TRUCK2	20070713	21,355		100.00		21,355	5	200 DB HY	32	5,200	21,050			5,200
4	SECURITY SYSTEM	20060822	12,400		100.00		12,400	7	S/L HY	14.286	1,771	7,084			1,771
5	FORKLIFT	20030922	66,000		100.00		66,000	7	200 DB HY	8.92	5,887	58,916			8,085
Totals			160,955				158,355				15,253	101,420		CY 2,600	17,451

Land Amount
Net Depreciable Cost

160,955

ST ADJ:

2,080

(Keep for your records)

CORPORATION NAME

EIN

KOOL SYSTEMS INC

40-0001811

To
Next Year

Form 1120

Contributions carryover
Net Operating Loss Carryover
AMT Net Operating Loss Carryover

Schedule D (Form 1120)

Unused capital loss carryover
Less current year capital loss carried back
Carryover expiring next year due to a 5 year limitation
Capital loss carryover to next year

Form 2220

Tax

1,931

Form 3800

General business credit carryforward

Form 4562

Section 179 Carryover

Form 4797

Nonrecaptured net Section 1231 losses - 2004
Nonrecaptured net Section 1231 losses - 2005
Nonrecaptured net Section 1231 losses - 2006
Nonrecaptured net Section 1231 losses - 2007
Nonrecaptured net Section 1231 losses - 2008
Total nonrecaptured net Section 1231 loss carryforwards

Form 6478

Credit for alcohol used as fuel

Form 8827

Current year Alternative Minimum Tax from Form 4626
Minimum tax credit carryforward

Form 8835, Section B

Electricity and refined coal production credit

Form 8844

Empowerment zone employment (EZE) credit carryforward

1120

**Corporation
Diagnostic Summary**

2008

Name

KOOL SYSTEMS INC

Employer Identification #

40-0001811

Demographics

Mailing Address:

Phone: (828) 111-2222

2710 MARLEY CT
FLETCHER, NC 28732

Resident State: 0

Diagnostics

Preparer: David

Invoice:

Date: 04-13-2009

Return Information

Item on Return	2008 Federal	2007 Federal (If available)
Total Assets	196,079	181,619
Gross Receipts/Sales	195,410	
Total Income	123,277	
Total Deductions	110,403	
Taxable Income	12,874	
Tax	1,931	
Overpayment		
Refund		
Refund Applied to ES		
Balance Due	1,931	
2220 Penalty		
Total Equity	190,346	179,419

State/City Information

<u>State/City</u>	<u>Gross Income</u>	<u>Taxable Income</u>	<u>Income Tax</u>	<u>Other Tax</u>	<u>Refund/ (Balance Due)</u>
North Carolina	(18,522)	(18,522)		35	(60)

**1120 TAX RETURN COMPARISON
2006 / 2007 / 2008**

2008

Name(s) as shown on return
KOOL SYSTEMS INC

Identifying number
40-0001811

	2006 FEDERAL	2007 FEDERAL	2008 FEDERAL	DIFFERENCE BETWEEN 2007 & 2008
Net receipts			184,110	184,110
Cost of goods sold			88,333	88,333
Gross profit			95,777	95,777
Dividends				
Interest				
Gross rents			27,500	27,500
Gross royalties				
Capital gain net income				
Net gain/loss from 4797				
Other income				
Total income			123,277	123,277
Compensation of officers			4,500	4,500
Salaries and wages			46,400	46,400
Repairs and maintenance			6,500	6,500
Bad debts			4,500	4,500
Rents				
Taxes and licenses			15,100	15,100
Interest				
Charitable contributions				
Depreciation from Form 4562			17,853	17,853
Depreciation claimed elsewhere				
Net depreciation			17,853	17,853
Depletion				
Advertising			1,500	1,500
Pension, profit-sharing				
Employee benefits				
Domestic production activities ded				
Other deductions			14,050	14,050
Total deductions			110,403	110,403
NOL deduction				
Special deductions				
Taxable income			12,874	12,874
Total tax			1,931	1,931
Estimated taxes paid				
Total payments line 32h				
Amount owed			1,931	1,931
Overpayment				
Applied to estimate				
Refund				
RESIDENT STATE				
Taxable				
Tax				
Overpayment				
Balance Due				
	2006	2007	2008	DIFFERENCE