

Form **1120-S****U.S. Income Tax Return for an S Corporation**

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
▶ Go to www.irs.gov/Form1120S for instructions and the latest information.

2022

For calendar year 2020 or tax year beginning , 2020, ending , 20

A S election effective date 01/01/2012	TYPE OR PRINT	Name Davis Homes, Inc.	D Employer identification number
B Business activity code number (see instructions) Homebuilder		Number, street, and room or suite no. If a P.O. box, see instructions. 300 Pine St	E Date incorporated 01/01/2012
C Check if Sch. M-3 attached ☐		City or town, state or province, country, and ZIP or foreign postal code Mytown, VA 55555	F Total assets (see instructions) \$ 462,100

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☐ No If "Yes," attach Form 2553 if not already filed**H** Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation**I** Enter the number of shareholders who were shareholders during any part of the tax year **1****J** Check if corporation: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes**Caution:** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	1,825,000	
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a			1c 1,825,000
	2 Cost of goods sold (attach Form 1125-A)			2 1,518,000
	3 Gross profit. Subtract line 2 from line 1c			3 307,000
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4
Deductions (see instructions for limitations)	5 Other income (loss) (see instructions—attach statement)			5
	6 Total income (loss). Add lines 3 through 5			6 307,000
	7 Compensation of officers (see instructions—attach Form 1125-E)			7 140,000
	8 Salaries and wages (less employment credits)			8 36,000
	9 Repairs and maintenance			9
	10 Bad debts			10
	11 Rents			11 12,000
	12 Taxes and licenses			12
	13 Interest (see instructions)			13
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14 6,000
	15 Depletion (Do not deduct oil and gas depletion.)			15
	16 Advertising			16 6,000
	17 Pension, profit-sharing, etc., plans			17
	18 Employee benefit programs			18
	19 Other deductions (attach statement)			19 13,250
20 Total deductions. Add lines 7 through 19			20 213,250	
21 Ordinary business income (loss). Subtract line 20 from line 6			21 93,750	
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120-S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)			22c
	23a 2020 estimated tax payments and 2019 overpayment credited to 2020	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Reserved for future use	23d		
	e Add lines 23a through 23d			23e
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐			24
	25 Amount owed. If line 23e is smaller than the total of lines 22c and 24, enter amount owed			25
	26 Overpayment. If line 23e is larger than the total of lines 22c and 24, enter amount overpaid			26
27 Enter amount from line 26: Credited to 2021 estimated tax ▶ Refunded ▶			27	

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 _____ 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 self-employed PTIN _____

Firm's name ▶ _____ Firm's EIN ▶ _____

Firm's address ▶ _____ Phone no. _____

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11510H

Form **1120-S** (2020)

Schedule B Other Information (see instructions)

1	Check accounting method: a ☐ Cash b ☐ Accrual c ☒ Other (specify) ► Completed Contract	Yes	No																									
2	See the instructions and enter the: a Business activity ► Contractor b Product or service ► Homebuilder																											
3	At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation																											
4	At the end of the tax year, did the corporation:																											
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below																											
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:25%;">(i) Name of Corporation</th> <th style="width:15%;">(ii) Employer Identification Number (if any)</th> <th style="width:15%;">(iii) Country of Incorporation</th> <th style="width:15%;">(iv) Percentage of Stock Owned</th> <th style="width:30%;">(v) If Percentage in (iv) Is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made</th> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>	(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) Is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made																						
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b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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. If "Yes," complete (i) through (v) below																											
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5a	At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below. (i) Total shares of restricted stock ► (ii) Total shares of non-restricted stock ►																											
b	At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below. (i) Total shares of stock outstanding at the end of the tax year ► (ii) Total shares of stock outstanding if all instruments were executed ►																											
6	Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?																											
7	Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐ If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.																											
8	If the corporation (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation, and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years. See instructions ► \$																											
9	Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions																											
10	Does the corporation satisfy one or more of the following? See instructions																											
a	The corporation owns a pass-through entity with current, or prior year carryover, excess business interest expense.																											
b	The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the corporation has business interest expense.																											
c	The corporation is a tax shelter and the corporation has business interest expense. If "Yes," complete and attach Form 8990.																											
11	Does the corporation satisfy both of the following conditions?																											
a	The corporation's total receipts (see instructions) for the tax year were less than \$250,000.																											
b	The corporation's total assets at the end of the tax year were less than \$250,000. If "Yes," the corporation is not required to complete Schedules L and M-1.																											

Schedule B Other Information (see instructions) <i>(continued)</i>	Yes	No
12 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		
If "Yes," enter the amount of principal reduction ▶ \$		
13 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		
14a Did the corporation make any payments in 2020 that would require it to file Form(s) 1099?		
b If "Yes," did the corporation file or will it file required Form(s) 1099?		
15 Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund?		
If "Yes," enter the amount from Form 8996, line 15 ▶ \$		

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	93,750
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach statement) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends 5b	5a	
	b Qualified dividends 5b		
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S))	7	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S))	8a	
	b Collectibles (28%) gain (loss) 8b		
	c Unrecaptured section 1250 gain (attach statement) 8c		
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
	10 Other income (loss) (see instructions) Type ▶	10	
	11 Section 179 deduction (attach Form 4562)	11	
Credits	12a Charitable contributions	12a	3,500
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures Type ▶	12c	
	d Other deductions (see instructions) Type ▶	12d	
Foreign Transactions	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instructions) Type ▶	13d	
	e Other rental credits (see instructions) Type ▶	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U.S. possession ▶		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level	14c	
	Foreign gross income sourced at corporate level		
	d Reserved for future use	14d	
	e Foreign branch category	14e	
	f Passive category	14f	
	g General category	14g	
	h Other (attach statement)	14h	
	Deductions allocated and apportioned at shareholder level		
	i Interest expense	14i	
	j Other	14j	
	Deductions allocated and apportioned at corporate level to foreign source income		
	k Reserved for future use	14k	
	l Foreign branch category	14l	
	m Passive category	14m	
	n General category	14n	
o Other (attach statement)	14o		
Other information			
p Total foreign taxes (check one): ☐ Paid ☐ Accrued ▶	14p		
q Reduction in taxes available for credit (attach statement)	14q		
r Other foreign tax information (attach statement)			

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties—gross income	15d
	e Oil, gas, and geothermal properties—deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c
	d Distributions (attach statement if required) (see instructions)	16d 70,000
	e Repayment of loans from shareholders	16e
Other Information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income (loss) reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18 90,250

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		15,450		23,450
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories		398,600		410,500
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				12,000
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	74,300		74,300	
b	Less accumulated depreciation	(52,150)	22,150	(58,150)	16,150
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 statement)				
15	Total assets		436,200		462,100
Liabilities and Shareholders' Equity					
16	Accounts payable		36,400		32,500
17	Mortgages, notes, bonds payable in less than 1 year		338,750		347,600
18	Other current liabilities (attach statement)		7,500		8,200
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock		1,000		1,000
23	Additional paid-in capital				
24	Retained earnings		52,550		72,800
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock		()		()
27	Total liabilities and shareholders' equity		436,200		462,100

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	90,250	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize) _____		a	Tax-exempt interest \$ _____	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14p (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14p, not charged against book income this year (itemize):	
a	Depreciation \$ _____		a	Depreciation \$ _____	
b	Travel and entertainment \$ _____		7	Add lines 5 and 6	
4	Add lines 1 through 3		8	Income (loss) (Schedule K, line 18). Subtract line 7 from line 4	90,250

Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account
(see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1 Balance at beginning of tax year	52,550			
2 Ordinary income from page 1, line 21	93,750			
3 Other additions				
4 Loss from page 1, line 21	()			
5 Other reductions	(3,500)			()
6 Combine lines 1 through 5				
7 Distributions	70,000			
8 Balance at end of tax year. Subtract line 7 from line 6	72,800			

(Rev. November 2018)

Department of the Treasury
Internal Revenue Service▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.**
▶ **Go to www.irs.gov/Form1125A for the latest information.**

Name Davis Homes, Inc.		Employer identification number	
1	Inventory at beginning of year	1	398,600
2	Purchases	2	773,050
3	Cost of labor	3	607,200
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	149,650
6	Total. Add lines 1 through 5	6	1,928,500
7	Inventory at end of year	7	410,500
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	1,518,000

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 amount 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 entity? See instructions . . . ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Small business taxpayers. For tax years beginning after December 31, 2017, the following apply.

- A small business taxpayer (defined below), may use a method of accounting for inventories that either: (1) treats inventories as nonincidental materials and supplies, or (2) conforms to the taxpayer's financial accounting treatment of inventories.
- A small business taxpayer is not required to capitalize costs under section 263A.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, or 1065, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of

merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. A small business taxpayer (defined below), can adopt or change its accounting method to account for inventories in the same manner as material and supplies that are non-incidental, or conform to its treatment of inventories in an applicable financial statement (as defined in section 451(b)(3)), or if it does not have an applicable financial statement, the method of accounting used in its books and records prepared in accordance with its accounting procedures. See section 471(c)(3).

A small business taxpayer claiming exemption from the requirement to keep inventories is changing its method of accounting for purposes of section 481. For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on changing to this method of accounting, see Form 3115 and the Instructions for Form 3115.

Small business taxpayer. A small business taxpayer is a taxpayer that (a) has average annual gross receipts of \$25 million or less (indexed for inflation) for the 3 prior tax years, and (b) is not a tax shelter (as defined in section 448(d)(3)). See Pub. 538.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property for use in its trade or business or in an activity engaged in for profit.

A small business taxpayer (defined above) is not required to capitalize costs under section 263A. See section 263A(i).

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

**Schedule K-1
(Form 1120-S)**Department of the Treasury
Internal Revenue Service**2022**

For calendar year 2020, or tax year

beginning / / 2020

ending / /

**Shareholder's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the Corporation**A** Corporation's employer identification number**B** Corporation's name, address, city, state, and ZIP codeDavis Homes, Inc.
300 Pine St
Mytown, VA 55555**C** IRS Center where corporation filed return**Part II Information About the Shareholder****D** Shareholder's identifying number**E** Shareholder's name, address, city, state, and ZIP codeMitchell R Davis
200 Elm St
Mytown, VA 55555**F** Current year allocation percentage . . . 100 %**G** Shareholder's number of shares

Beginning of tax year

End of tax year

H Loans from shareholder

Beginning of tax year \$

End of tax year \$

For IRS Use Only

☐ Final K-1☐ Amended K-1

OMB No. 1545-0123

**Part III Shareholder's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	13	Credits
	93,750		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis
12	Other deductions		70,000
	Charitable 3,500		
		17	Other information

18 ☐ More than one activity for at-risk purposes***19** ☐ More than one activity for passive activity purposes*

* See attached statement for additional information.

Davis Homes, Inc.
2022 Tax Return
Supporting Schedules

Schedule 1125-A

Line 5 - Other Costs

108,450	Closing Costs
16,200	Construction Interest
<u>25,000</u>	Miscellaneous
149,650	

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Internal Revenue Service**U.S. Income Tax Return for an S Corporation**

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OMB No. 1545-0123

2023

For calendar year 2021 or tax year beginning , 2021, ending , 20

A S election effective date 01/01/2012	TYPE OR PRINT	Name Davis Homes, Inc.	D Employer identification number
B Business activity code number (see instructions) Homebuilder		Number, street, and room or suite no. If a P.O. box, see instructions. 300 Pine St	E Date incorporated 01/01/2012
C Check if Sch. M-3 attached ☐		City or town, state or province, country, and ZIP or foreign postal code Mytown, VA 55555	F Total assets (see instructions) \$ 493,850

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. ☐ Yes ☐ No**H** Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination**I** Enter the number of shareholders who were shareholders during any part of the tax year **1****J** Check if corporation: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes**Caution:** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	1,600,000	
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a	1c		1,600,000
	2 Cost of goods sold (attach Form 1125-A)	2		1,312,000
	3 Gross profit. Subtract line 2 from line 1c	3		288,000
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)	4		
5 Other income (loss) (see instructions—attach statement)	5			
6 Total income (loss). Add lines 3 through 5 ▶	6		288,000	
Deductions (see instructions for limitations)	7 Compensation of officers (see instructions—attach Form 1125-E)	7		150,000
	8 Salaries and wages (less employment credits)	8		40,000
	9 Repairs and maintenance	9		
	10 Bad debts	10		
	11 Rents	11		12,000
	12 Taxes and licenses	12		
	13 Interest (see instructions)	13		1,500
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14		2,600
	15 Depletion (Do not deduct oil and gas depletion.)	15		
	16 Advertising	16		4,500
	17 Pension, profit-sharing, etc., plans	17		
	18 Employee benefit programs	18		
	19 Other deductions (attach statement)	19		12,300
	20 Total deductions. Add lines 7 through 19 ▶	20		222,900
	21 Ordinary business income (loss). Subtract line 20 from line 6	21		65,100
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120-S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)	22c		
	23a 2021 estimated tax payments and 2020 overpayment credited to 2021	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Add lines 23a through 23c	23d		
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐	24		
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25		
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26		
27 Enter amount from line 26: Credited to 2022 estimated tax ▶ Refunded ▶	27			

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 _____ 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 self-employed	PTIN
Firm's name ▶	Firm's EIN ▶			
Firm's address ▶	Phone no.			

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11510H

Form **1120-S** (2021)

Schedule B Other Information (see instructions)

1	Check accounting method: a ☐ Cash b ☐ Accrual c ☒ Other (specify) ► Completed Contract	Yes	No																									
2	See the instructions and enter the: a Business activity ► Contractor b Product or service ► Homebuilder																											
3	At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation																											
4	At the end of the tax year, did the corporation:																											
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below																											
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:25%;">(i) Name of Corporation</th> <th style="width:15%;">(ii) Employer Identification Number (if any)</th> <th style="width:15%;">(iii) Country of Incorporation</th> <th style="width:15%;">(iv) Percentage of Stock Owned</th> <th style="width:30%;">(v) If Percentage in (iv) Is 100%, Enter the Date (if applicable) a Qualified Subchapter S Subsidiary Election Was Made</th> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>	(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) Is 100%, Enter the Date (if applicable) a Qualified Subchapter S Subsidiary Election Was Made																						
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b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital 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. If "Yes," complete (i) through (v) below																											
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5a	At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.																											
	(i) Total shares of restricted stock ►																											
	(ii) Total shares of non-restricted stock ►																											
b	At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.																											
	(i) Total shares of stock outstanding at the end of the tax year ►																											
	(ii) Total shares of stock outstanding if all instruments were executed ►																											
6	Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?																											
7	Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐ If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.																											
8	If the corporation (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation, and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years. See instructions ► \$																											
9	Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions																											
10	Does the corporation satisfy one or more of the following? See instructions																											
a	The corporation owns a pass-through entity with current, or prior year carryover, excess business interest expense.																											
b	The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the corporation has business interest expense.																											
c	The corporation is a tax shelter and the corporation has business interest expense. If "Yes," complete and attach Form 8990.																											
11	Does the corporation satisfy both of the following conditions?																											
a	The corporation's total receipts (see instructions) for the tax year were less than \$250,000.																											
b	The corporation's total assets at the end of the tax year were less than \$250,000. If "Yes," the corporation is not required to complete Schedules L and M-1.																											

Schedule B Other Information (see instructions) <i>(continued)</i>		Yes	No
12	During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		
	If "Yes," enter the amount of principal reduction ▶ \$		
13	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		
14a	Did the corporation make any payments in 2021 that would require it to file Form(s) 1099?		
b	If "Yes," did the corporation file or will it file required Form(s) 1099?		
15	Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund?		
	If "Yes," enter the amount from Form 8996, line 15 ▶ \$		

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	65,100
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach statement) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends 5a		
	b Qualified dividends 5b		
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S))	7	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S))	8a	
	b Collectibles (28%) gain (loss) 8b		
	c Unrecaptured section 1250 gain (attach statement) 8c		
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
	10 Other income (loss) (see instructions) Type ▶	10	
Credits	11 Section 179 deduction (attach Form 4562)	11	12,000
	12a Charitable contributions	12a	2,500
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures Type ▶	12c	
International Transactions	d Other deductions (see instructions) Type ▶	12d	
	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instructions) Type ▶	13d	
	e Other rental credits (see instructions) Type ▶	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
Alternative Minimum Tax (AMT) Items	g Other credits (see instructions) Type ▶	13g	
	14 Attach Schedule K-2 (Form 1120-S), Shareholders' Pro Rata Share Items—International, and check this box to indicate you are reporting items of international tax relevance . . . ▶ ☐		
	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties—gross income	15d	
Items Affecting Shareholder Basis	e Oil, gas, and geothermal properties—deductions	15e	
	f Other AMT items (attach statement)	15f	
	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Distributions (attach statement if required) (see instructions)	16d	40,000
	e Repayment of loans from shareholders	16e	
	f Foreign taxes paid or accrued	16f	

Schedule K Shareholders' Pro Rata Share Items (continued)			Total amount	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income (loss) reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 16f .	18	50,600

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		23,450		32,600
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories		410,500		427,690
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders		12,000		18,000
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	74,300		84,600	
b	Less accumulated depreciation	(58,150)		(68,950)	
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 statement)				
15	Total assets		462,100		493,850
Liabilities and Shareholders' Equity					
16	Accounts payable		32,500		34,500
17	Mortgages, notes, bonds payable in less than 1 year		347,600		352,150
18	Other current liabilities (attach statement)		8,200		8,800
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				14,000
21	Other liabilities (attach statement)				
22	Capital stock		1,000		1,000
23	Additional paid-in capital				
24	Retained earnings		72,800		83,400
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock		()		()
27	Total liabilities and shareholders' equity		462,100		493,850

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	50,600	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize) _____		a	Tax-exempt interest \$ _____	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 16f (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 16f, not charged against book income this year (itemize):	
a	Depreciation \$ _____		a	Depreciation \$ _____	
b	Travel and entertainment \$ _____		7	Add lines 5 and 6	
4	Add lines 1 through 3		8	Income (loss) (Schedule K, line 18). Subtract line 7 from line 4	50,600

Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account
(see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1	Balance at beginning of tax year	72,800		
2	Ordinary income from page 1, line 21	65,100		
3	Other additions			
4	Loss from page 1, line 21	()		
5	Other reductions	(14,500)		()
6	Combine lines 1 through 5			
7	Distributions	40,000		
8	Balance at end of tax year. Subtract line 7 from line 6	83,400		

(Rev. November 2018)

Department of the Treasury
Internal Revenue Service▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.**
▶ **Go to www.irs.gov/Form1125A for the latest information.**

Name Davis Homes, Inc.		Employer identification number	
1	Inventory at beginning of year	1	410,500
2	Purchases	2	727,590
3	Cost of labor	3	473,600
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	128,000
6	Total. Add lines 1 through 5	6	1,739,690
7	Inventory at end of year	7	427,690
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	1,312,000

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 amount 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 entity? See instructions . . . ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Section references are to the Internal Revenue Code unless otherwise noted.

What's New**Small business taxpayers.** For tax years beginning after December 31, 2017, the following apply.

- A small business taxpayer (defined below), may use a method of accounting for inventories that either: (1) treats inventories as nonincidental materials and supplies, or (2) conforms to the taxpayer's financial accounting treatment of inventories.
- A small business taxpayer is not required to capitalize costs under section 263A.

General Instructions**Purpose of Form**

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, or 1065, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of

merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. A small business taxpayer (defined below), can adopt or change its accounting method to account for inventories in the same manner as material and supplies that are non-incidental, or conform to its treatment of inventories in an applicable financial statement (as defined in section 451(b)(3)), or if it does not have an applicable financial statement, the method of accounting used in its books and records prepared in accordance with its accounting procedures. See section 471(c)(3).

A small business taxpayer claiming exemption from the requirement to keep inventories is changing its method of accounting for purposes of section 481. For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on changing to this method of accounting, see Form 3115 and the Instructions for Form 3115.

Small business taxpayer. A small business taxpayer is a taxpayer that (a) has average annual gross receipts of \$25 million or less (indexed for inflation) for the 3 prior tax years, and (b) is not a tax shelter (as defined in section 448(d)(3)). See Pub. 538.**Uniform capitalization rules.** The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property for use in its trade or business or in an activity engaged in for profit.

A small business taxpayer (defined above) is not required to capitalize costs under section 263A. See section 263A(i).

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

671121

**Schedule K-1
(Form 1120-S)**Department of the Treasury
Internal Revenue Service**2023**

For calendar year 2021, or tax year

beginning / / 2021ending / / **Shareholder's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the Corporation**A** Corporation's employer identification number**B** Corporation's name, address, city, state, and ZIP codeDavis Homes, Inc.
300 Pine St
Mytown, VA 55555**C** IRS Center where corporation filed return**D** Corporation's total number of shares

Beginning of tax year

End of tax year

Part II Information About the Shareholder**E** Shareholder's identifying number**F** Shareholder's name, address, city, state, and ZIP codeMitchell R Davis
200 Elm St
Mytown, VA 55555**G** Current year allocation percentage 100 %**H** Shareholder's number of shares

Beginning of tax year

End of tax year

I Loans from shareholder

Beginning of tax year \$

End of tax year \$

For IRS Use Only

☐ Final K-1☐ Amended K-1

OMB No. 1545-0123

**Part III Shareholder's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	13	Credits
	65,100		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Schedule K-3 is attached if checked ☐
6	Royalties	15	Alternative minimum tax (AMT) items
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)	16	Items affecting shareholder basis 40,000
10	Other Income (loss)		
		17	Other information
11	Section 179 deduction 12,000		
12	Other deductions Charitable 2,500		

18 ☐ More than one activity for at-risk purposes***19** ☐ More than one activity for passive activity purposes*

* See attached statement for additional information.

Davis Homes, Inc.
2023 Tax Return
Supporting Schedules

Schedule 1125-A

Line 5 - Other Costs

94,200	Closing Costs
19,350	Construction Interest
<u>14,450</u>	Miscellaneous
128,000	