

Short Form

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No 1545-1150

2009

Open to Public Inspection

Form 990-EZ

Department of the Treasury
Internal Revenue Service

Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form. The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2009 calendar year, or tax year beginning and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization
 THE COVES WATER SUPPLY CORP.
 Number and street (or P O box, if mail is not delivered to street address) Room/suite
 1005 MOONLIGHT BAY DRIVE
 City or town, state or country, and ZIP + 4
 SPICEWOOD, TX 78669-6706

D Employer identification number
 74-2798735

E Telephone number
 (512) 264-0842

F Group Exemption Number

G Accounting method Cash Accrual
 Other (specify)

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

I Website: N/A

J Tax-exempt status (check only one) — 501(c) (12) (insert no) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts. If \$500,000 or more, file Form 990 instead of Form 990-EZ \$ 164756.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I)

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	
	2	Program service revenue including government fees and contracts	2	164672.
	3	Membership dues and assessments	3	
	4	Investment income	4	84.
Expenses	5a	Gross amount from sale of assets other than inventory	5a	
	5b	Less cost or other basis and sales expenses	5b	
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6	Special events and activities (complete applicable parts of Schedule G) If any amount is from gaming, check here <input type="checkbox"/>	6	
	6a	Gross revenue (not including \$ of contributions reported on line 1)	6a	
	6b	Less direct expenses other than fundraising expenses	6b	
	6c	Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c	
	7a	Gross sales of inventory, less returns and allowances	7a	
	7b	Less cost of goods sold	7b	
	7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
8	Other revenue (describe)	8		
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	164756.	
Expenses	10	Grants and similar amounts paid (attach schedule)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	450.
	13	Professional fees and other payments to independent contractors	13	17277.
	14	Occupancy, rent, utilities, and maintenance	14	47830.
	15	Printing, publications, postage, and shipping	15	1268.
	16	Other expenses (describe SEE STATEMENT 1)	16	21890.
17	Total expenses. Add lines 10 through 16	17	88715.	
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	76041.
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	88718.
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 3	20	-94800.
	21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	69959.

Part II Balance Sheets. If Total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ

		(A) Beginning of year	(B) End of year
22	Cash, savings, and investments	21140.	22 15170.
23	Land and buildings	64607.	23 68725.
24	Other assets (describe ACCOUNTS RECEIVABLE)	4777.	24 4496.
25	Total assets	90524.	25 88391.
26	Total liabilities (describe SEE STATEMENT 2)	1806.	26 18432.
27	Net assets or fund balances (line 27 of column (B) must agree with line 21)	88718.	27 69959.

Part V Other Information (Note the statement requirements in the instructions for Part V.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
34	Were any changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the changes		X
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T		
35a	Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033(e) notice, reporting, and proxy tax requirements?		X
35b	If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Sch N		X
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions	37a	0.
37b	Did the organization file Form 1120-POL for this year?		X
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the period covered by this return?		X
38b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	N/A
39	Section 501(c)(7) organizations Enter		
39a	Initiation fees and capital contributions included on line 9	39a	N/A
39b	Gross receipts, included on line 9, for public use of club facilities	39b	N/A
40a	Section 501(c)(3) organizations Enter amount of tax imposed on the organization during the year under section 4911	N/A	
	section 4912	N/A	
	section 4955	N/A	
40b	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b	N/A
40c	Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		N/A
40d	Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax on line 40c reimbursed by the organization		N/A
40e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e	X
41	List the states with which a copy of this return is filed	41	TX
42a	The organization's books are in care of	42a	KATIE SINOPOLI
	Located at		1005 MOONLIGHT BAY, SPICEWOOD, TX
	Telephone no		512-264-0842
	ZIP + 4		78669
42b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	42b	X
	If "Yes," enter the name of the foreign country		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
42c	At any time during the calendar year, did the organization maintain an office outside of the U.S.?	42c	X
	If "Yes," enter the name of the foreign country		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year	43	N/A
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ	44	X
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ	45	X

Form 990-EZ (2009)

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I
- 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II
- 48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E
- 49a Did the organization make any transfers to an exempt non-charitable related organization?
 - b If "Yes," was the related organization a section 527 organization?
- 50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None"

	Yes	No
46		
47		
48		
49a		
49b		

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
N/A				

f Total number of other employees paid over \$100,000 ▶ _____

- 51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None"

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
N/A		

d Total number of other independent contractors each receiving over \$100,000 ▶ _____

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 officer) is based on all information of which preparer has any knowledge.

Signature of officer: Katie Sinopoli Date: 9/15/10

Type or print name and title: Katie Sinopoli Sec. Treasurer

Paid Preparer's Use Only

Preparer's signature: Jenett Chazy Date: 9/15/10 Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: HAGG & ASSOCIATES, P.C.
3818 SPICEWOOD SPRGS RD #201
AUSTIN, TX 78759-8940

Preparer's identifying number (See Instr): _____
 EIN: _____
 Phone no: 512-346-3782

May the IRS discuss this return with the preparer shown above? See instructions ▶ Yes No

FORM 990-EZ	OTHER EXPENSES	STATEMENT	1
DESCRIPTION		AMOUNT	
PROPERTY TAX		4.	
BANK CHARGES		91.	
OPERATING COSTS		15870.	
MEETING FEES		2222.	
OTHER FEES		1244.	
DEPRECIATION		2459.	
TOTAL TO FORM 990-EZ, LINE 16		21890.	

FORM 990-EZ	OTHER LIABILITIES	STATEMENT	2
DESCRIPTION		BEG. OF YEAR	END OF YEAR
ACCOUNTS PAYABLE		1806.	1432.
DUE TO THE RESERVE AT LAKE TRAVIS		0.	17000.
TOTAL TO FORM 990-EZ, LINE 26		1806.	18432.

FORM 990-EZ	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
DESCRIPTION		AMOUNT	
DISTRIBUTIONS TO MEMBERS		-94800.	
TOTAL TO FORM 990-EZ, LINE 20		-94800.	

FORM 990-EZ

INFORMATION REGARDING TRANSFERS
ASSOCIATED WITH PERSONAL BENEFIT CONTRACTS

STATEMENT 4

- A) DID THE ORGANIZATION, DURING THE YEAR, RECEIVE ANY FUNDS,
DIRECTLY OR INDIRECTLY, TO PAY PREMIUMS ON A PERSONAL
BENEFIT CONTRACT? [] YES [X] NO
- B) DID THE ORGANIZATION, DURING THE YEAR, PAY PREMIUMS,
DIRECTLY OR INDIRECTLY, ON A PERSONAL BENEFIT CONTRACT? . . [] YES [X] NO

THE ORGANIZATION PROVIDED WATER SERVICES TO ITS 30 CURRENT MEMBERS. THE ORGANIZATION EXPANDED THEIR SERVICE AREA TO INCLUDE THE RESERVE AT LAKE TRAVIS DEVELOPMENT WHICH WILL HAVE ABOUT 153 NEW RETAIL WATER SERVICE CUSTOMERS AT COMPLETE BUILD-OUT.

THE ORGANIZATION WAS ORGANIZAED AND EXISTS FOR THE PURPOSE OF FURNISHING WATER SERVICES WITHIN A SPECIFIC SERVICE AREA.