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**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)**2009**Department of the Treasury  
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

**Open to Public Inspection****For the 2009 calendar year, or tax year beginning****, 2009, and ending**

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Please use IRS label or print or type. See specific instructions. <b>Animas Water Company</b> PO Box 1012 Durango, CO 81302	<b>D</b> Employer Identification Number <b>93-0604235</b>
		<b>E</b> Telephone number <b>970-259-4788</b>
<b>F</b> Name and address of principal officer		<b>G</b> Gross receipts \$ <b>605,567.</b>
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c) ( 12 ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'No,' attach a list (see instructions)
<b>J</b> Website: ▶ <b>www.animaswatercompany.com</b>		<b>H(c)</b> Group exemption number ▶
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of Formation <b>1973</b> <b>M</b> State of legal domicile <b>CO</b>

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities <u>Provide domestic water for residential and commercial members.</u>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>5</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>5</b>
	<b>5</b> Total number of employees (Part V, line 2a)	<b>5</b>	<b>5</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>0</b>
	<b>7a</b> Total gross unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>0.</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>0.</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	655,137.	580,834.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	14,908.	9,279.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	40,211.	15,454.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	710,256.	605,567.
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)		
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	194,614.	207,008.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)		
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶		
<b>Expenses</b>	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	402,818.	375,141.
	<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	597,432.	582,149.
	<b>19</b> Revenue less expenses Subtract line 18 from line 12	112,824.	23,418.
	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Year</b>	<b>End of Year</b>
<b>Not Assets or Fund Balances</b>	<b>21</b> Total liabilities (Part X, line 26)	3,990,634.	4,328,296.
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20	23,140.	39,884.
		3,967,494.	4,288,412.

**Part II Signature Block**

<b>Sign Here</b>	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.		
	▶ <u>Terry L. Anderson</u> Signature of officer		Date <u>5.12.2010</u>
<b>Paid Preparer's Use Only</b>	▶ <u>TERRY L. ANDERSON</u> Type or print name and title		President
	Preparer's signature ▶ <u>Sidny K. Zink</u> Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ <u>FredrickZink &amp; Associates, PC, CPAs</u> <u>954 East 2nd Avenue #201</u> <u>Durango, CO 81301-5111</u>	Date <u>5/12/10</u>	Check if self-employed <input type="checkbox"/> Preparer's identifying number (see instructions) <u>P00158895</u>
	EIN ▶ <u>84-1073179</u>		Phone no ▶ <u>(970) 247-0506</u>

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No**BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.**

**Part III Statement of Program Service Accomplishments**

1 Briefly describe the organization's mission:

Provide domestic water for residential and commercial members.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If 'Yes,' describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code ☐) (Expenses \$ 390,451. including grants of \$                     ) (Revenue \$                     )

Provides domestic water for residential and commercial members in the Animas Valley of La Plata County, Colorado, who cannot obtain it directly from the City of Durango. Provides all repairs and improvements. The number of users benefited (residential and commercial users) was 1,085.

4b (Code ☐) (Expenses \$                      including grants of \$                     ) (Revenue \$                     )

4c (Code ☐) (Expenses \$                      including grants of \$                     ) (Revenue \$                     )

4d Other program services (Describe in Schedule O )

(Expenses \$                      including grants of \$                     ) (Revenue \$                     )

4e Total program service expenses ▶ 390,451.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A		X
2 Is the organization required to complete Schedule B, Schedule of Contributors?		X
3 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		X
4 <b>Section 501(c)(3) organizations</b> Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II		
5 <b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If 'Yes,' complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If 'Yes,' complete Schedule D, Part V		X
11 Is the organization's answer to any of the following questions 'Yes'? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
• Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI		
• Did the organization report an amount for investments— other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII		
• Did the organization report an amount for investments— program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII		
• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX		
• Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X		
• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If 'Yes,' complete Schedule D, Part X		
12 Did the organization obtain separate, independent audited financial statement for the tax year? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII		X
12A Was the organization included in consolidated, independent audited financial statement for the tax year? If 'Yes,' completing Schedule D, Parts XI, XII, and XIII is optional	Yes	No
		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If 'Yes,' complete Schedule F, Part I		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Part II		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Part III		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H		X

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If 'Yes,' complete Schedule I, Parts I and II</i>		X
<b>22</b> Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If 'Yes,' complete Schedule I, Parts I and III</i>		X
<b>23</b> Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If 'Yes,' complete Schedule J</i>		X
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25</i>		X
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>24d</b> Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If 'Yes,' complete Schedule L, Part I</i>		
<b>25b</b> Is the organization 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? <i>If 'Yes,' complete Schedule L, Part I</i>		
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If 'Yes,' complete Schedule L, Part II</i>		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If 'Yes,' complete Schedule L, Part III</i>		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
<b>28a</b> A current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
<b>28c</b> An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M</i>		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M</i>		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I</i>		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II</i>		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If 'Yes,' complete Schedule R, Part I</i>		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1</i>		X
<b>35</b> Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>		X
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>		
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If 'Yes,' complete Schedule R, Part VI</i>		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	X	

BAA

Form 990 (2009)

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
<b>1 a</b>	Enter the number reported in Box 3 of form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	5	
<b>1 b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2 a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	5	
<b>2 b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	X	
<b>3 a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
<b>3 b</b>	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O		
<b>4 a</b>	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)?		X
<b>b</b>	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		
<b>5 a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>5 b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>5 c</b>	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
<b>6 a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
<b>6 b</b>	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
<b>7 b</b>	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
<b>7 c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
<b>7 d</b>	If 'Yes,' indicate the number of Forms 8282 filed during the year		
<b>7 e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
<b>7 f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
<b>7 g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7 h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9 a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9 b</b>	Did the organization make any distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>10 a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10 b</b>	Gross Receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11 a</b>	Gross income from other members or shareholders	580,834.	
<b>11 b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	24,733.	
<b>12 a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12 b</b>	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year		

**Part VI Governance, Management and Disclosure** For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

**Section A. Governing Body and Management**

	Yes	No
<b>1 a</b> Enter the number of voting members of the governing body	5	
<b>1 b</b> Enter the number of voting members that are independent	5	
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?		X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
<b>4</b> Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? See Sch O	X	
<b>5</b> Did the organization become aware during the year of a material diversion of the organization's assets?		X
<b>6</b> Does the organization have members or stockholders? See Schedule O	X	
<b>7 a</b> Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? See Schedule O	X	
<b>7 b</b> Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	X	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body?	X	
<b>8 b</b> Each committee with authority to act on behalf of the governing body?		X
<b>9</b> Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10 a</b> Does the organization have local chapters, branches, or affiliates?		X
<b>10 b</b> If 'Yes,' does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
<b>11</b> Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? See Schedule O	X	
<b>12 a</b> Does the organization have a written conflict of interest policy? If 'No,' go to line 13	X	
<b>12 b</b> Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12 c</b> Does the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done See Schedule O	X	
<b>13</b> Does the organization have a written whistleblower policy?		X
<b>14</b> Does the organization have a written document retention and destruction policy?		X
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>15 a</b> The organization's CEO, Executive Director, or top management official	X	
<b>15 b</b> Other officers of key employees of the organization		X
If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)		
<b>16 a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16 b</b> If 'Yes,' has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosures**

**17** List the states with which a copy of this Form 990 is required to be filed ▶ None

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request

**19** Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Schedule O

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization.  
 ▶ Animas Water Company 275 CR 252 Durango CO 81301 970-259-4788







**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS</b>	<b>1 a</b> Federated campaigns	<b>1 a</b>				
	<b>b</b> Membership dues	<b>1 b</b>				
	<b>c</b> Fundraising events	<b>1 c</b>				
	<b>d</b> Related organizations	<b>1 d</b>				
	<b>e</b> Government grants (contributions)	<b>1 e</b>				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1 f</b>				
	<b>g</b> Noncash contribns included in lns 1a-1f.	\$				
<b>h Total.</b> Add lines 1a-1f						
<b>PROGRAM SERVICE REVENUE</b>	<b>2 a</b> Sales - Domestic Water	Business Code 221000	580,834.	580,834.		
	<b>b</b> _____					
	<b>c</b> _____					
	<b>d</b> _____					
	<b>e</b> _____					
	<b>f</b> All other program service revenue					
	<b>g Total.</b> Add lines 2a-2f		580,834.			
<b>OTHER REVENUE</b>	<b>3</b> Investment income (including dividends, interest and other similar amounts)		9,279.			9,279.
	<b>4</b> Income from investment of tax-exempt bond proceeds					
	<b>5</b> Royalties					
	<b>6 a</b> Gross Rents	(i) Real (ii) Personal				
	<b>b</b> Less rental expenses					
	<b>c</b> Rental income or (loss)					
	<b>d</b> Net rental income or (loss)					
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	<b>b</b> Less. cost or other basis and sales expenses					
	<b>c</b> Gain or (loss)					
	<b>d</b> Net gain or (loss)					
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	<b>a</b>				
	<b>b</b> Less direct expenses	<b>b</b>				
	<b>c</b> Net income or (loss) from fundraising events					
	<b>9 a</b> Gross income from gaming activities See Part IV, line 19	<b>a</b>				
	<b>b</b> Less direct expenses	<b>b</b>				
	<b>c</b> Net income or (loss) from gaming activities					
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>					
<b>b</b> Less cost of goods sold	<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory						
Miscellaneous Revenue			Business Code			
<b>11 a</b> Other income		7,827.	7,827.			
<b>b</b> Service Charges		5,927.	5,927.			
<b>c</b> Tap installation fees		1,700.	1,700.			
<b>d</b> All other revenue						
<b>e Total.</b> Add lines 11a-11d		15,454.				
<b>12 Total revenue.</b> See instructions		605,567.	596,288.	0.	9,279.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	55,000.	0.	55,000.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B))	0.	0.	0.	0.
7 Other salaries and wages	119,539.	94,866.	24,673.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,670.	2,670.		
9 Other employee benefits	15,785.	15,785.		
10 Payroll taxes	14,014.	7,617.	6,397.	
11 Fees for services (non-employees)				
a Management				
b Legal	15,476.		15,476.	
c Accounting	13,495.		13,495.	
d Lobbying				
e Prof fundraising svcs. See Part IV, ln 17				
f Investment management fees				
g Other				
12 Advertising and promotion	421.		421.	
13 Office expenses	4,367.		4,367.	
14 Information technology				
15 Royalties				
16 Occupancy	6,000.		6,000.	
17 Travel	1,930.		1,930.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	504.		504.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	151,535.	151,535.		
23 Insurance	18,161.		18,161.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a Repairs and maintenance	65,361.	65,361.		
b Utilities	37,985.	36,001.	1,984.	
c Contract services	21,843.		21,843.	
d Miscellaneous	10,777.	8,392.	2,385.	
e Postage and Shipping	7,290.		7,290.	
f All other expenses	19,996.	8,224.	11,772.	
25 Total functional expenses. Add lines 1 through 24f	582,149.	390,451.	191,698.	0.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>ASSETS</b>	1 Cash — non-interest-bearing	109,105.	1	317,047.
	2 Savings and temporary cash investments	382,323.	2	215,325.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	41,665.	4	42,377.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	800.	7	400.
	8 Inventories for sale or use	23,363.	8	32,678.
	9 Prepaid expenses and deferred charges	2,365.	9	2,398.
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 5,687,037.		
	b Less accumulated depreciation.	10b 2,086,862.	3,346,471.	10c 3,600,175.
	11 Investments — publicly-traded securities		11	
	12 Investments — other securities See Part IV, line 11		12	
	13 Investments — program-related. See Part IV, line 11		13	
	14 Intangible assets	13,116.	14	13,116.
	15 Other assets See Part IV, line 11	71,426.	15	104,780.
16 <b>Total assets</b> Add lines 1 through 15 (must equal line 34)	3,990,634.	16	4,328,296.	
<b>LIABILITIES</b>	17 Accounts payable and accrued expenses	19,291.	17	36,394.
	18 Grants payable		18	
	19 Deferred revenue	3,849.	19	3,490.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities Complete Part X of Schedule D		25	
	26 <b>Total liabilities.</b> Add lines 17 through 25	23,140.	26	39,884.
<b>NET ASSETS OR FUND BALANCES</b>	<b>Organizations that follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 27 through 29 and lines 33 and 34.</b>			
	27 Unrestricted net assets		27	
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	<b>Organizations that do not follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, and equipment fund	3,477,669.	31	3,775,169.
	32 Retained earnings, endowment, accumulated income, or other funds	489,825.	32	513,243.
33 Total net assets or fund balances	3,967,494.	33	4,288,412.	
34 Total liabilities and net assets/fund balances.	3,990,634.	34	4,328,296.	

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Form 990 (2009)

**Part XI Financial Statements and Reporting**

1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other

If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

d If 'Yes' to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both.

☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a	X	
2b		X
2c		X
3a		X
3b		

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Form 990 (2009)

**SCHEDULE D  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**

- ▶ **Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11, or 12.**  
▶ **Attach to Form 990. ▶ See separate instructions**

OMB No 1545-0047

**2009****Open to Public  
Inspection**

Name of the organization

Animas Water Company

Employer identification number

93-0604235

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts** Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements** Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easement it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets**

Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a ☐ Public exhibition

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other \_\_\_\_\_

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

**Part IV Escrow and Custodial Arrangements** Complete if organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b If 'Yes,' explain the arrangement in Part XIV and complete the following table

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1 c	
1 d	
1 e	
1 f	

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b If 'Yes,' explain the arrangement in Part XIV

**Part V Endowment Funds** Complete if organization answered 'Yes' to Form 990, Part IV, line 10.

1a Beginning of year balance

b Contributions

c Net Investment earnings, gains, and losses

d Grants or scholarships

e Other expenditures for facilities and programs

f Administrative expenses

g End of year balance

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a					
1 b					
1 c					
1 d					
1 e					
1 f					
1 g					

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ▶ \_\_\_\_\_ %

b Permanent endowment ▶ \_\_\_\_\_ %

c Term endowment ▶ \_\_\_\_\_ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated Depreciation	(d) Book Value
1 a Land		2,698.		2,698.
1 b Buildings				
1 c Leasehold improvements		15,977.	6,384.	9,593.
1 d Equipment		90,515.	63,568.	26,947.
1 e Other		5,577,847.	2,016,910.	3,560,937.
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c) )				3,600,175.

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Schedule D (Form 990) 2009

**Part VII Investments—Other Securities** See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
Total. (Column (b) must equal Form 990 Part X, col. (B) line 12.) ▶		

**Part VIII Investments—Program Related** (See Form 990, Part X, line 13) N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. (Column (b) must equal Form 990, Part X, Col. (B) line 13.) ▶		

**Part IX Other Assets** (See Form 990, Part X, line 15) N/A

(a) Description	(b) Book value
Total. (Column (b) must equal Form 990, Part X, col. (B), line 15) ▶	

**Part X Other Liabilities** (See Form 990, Part X, line 25)

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25) ▶	

**2. FIN 48 Footnote** In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48



<b>Part XI</b>	<b>Reconciliation of Change in Net Assets from Form 990 to Financial Statements</b>
----------------	---

N/A

- |    |   |
|----|---|
| 1  | Total revenue (Form 990, Part VIII, column (A), line 12)                                |
| 2  | Total expenses (Form 990, Part IX, column (A), line 25)                                 |
| 3  | Excess or (deficit) for the year Subtract line 2 from line 1                            |
| 4  | Net unrealized gains (losses) on investments  |
| 5  | Donated services and use of facilities  |
| 6  | Investment expenses   |
| 7  | Prior period adjustments  |
| 8  | Other (Describe in Part XIV)  |
| 9  | Total adjustments (net) Add lines 4 through 8   |
| 10 | Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9 |

<b>Part XII</b>	<b>Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b>	<b>N/A</b>
-----------------	---	------------

- 1** Total revenue, gains, and other support per audited financial statements
- 2** Amounts included on line 1 but not on Form 990, Part VIII, line 12
  - a** Net unrealized gains on investments
  - b** Donated services and use of facilities
  - c** Recoveries of prior year grants
  - d** Other (Describe in Part XIV)
  - e** Add lines **2a** through **2d**
- 3** Subtract line **2e** from line **1**
- 4** Amounts included on Form 990, Part VIII, line 12, but not on line **1**
  - a** Investments expenses not included on Form 990, Part VIII, line 7b
  - b** Other (Describe in Part XIV)
  - c** Add lines **4a** and **4b**
- 5** Total revenue. Add lines **3** and **4c**. (This must equal Form 990, Part I, line 12.)

<b>Part XIII</b>	<b>Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>	<b>N/A</b>
------------------	---	------------

- 1** Total expenses and losses per audited financial statements
- 2** Amounts included on line 1 but not on Form 990, Part IX, line 25
  - a** Donated services and use of facilities
  - b** Prior year adjustments
  - c** Other losses
  - d** Other (Describe in Part XIV)
  - e** Add lines **2a** through **2d**
- 3** Subtract line **2e** from line **1**
- 4** Amounts included on Form 990, Part IX, line 25, but not on line 1:
  - a** Investments expenses not included on Form 990, Part VIII, line 7b
  - b** Other (Describe in Part XIV)
  - c** Add lines **4a** and **4b**
- 5** Total expenses. Add lines **3** and **4c**. (This must equal Form 990, Part I, line 18.)

## Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

**Part XIV** Supplemental Information *(continued)*

Area with horizontal dashed lines for supplemental information.

**SCHEDULE O**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990**

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990.

OMB No 1545-0047

**2009**

**Open to Public  
Inspection**

Name of the organization

Animas Water Company

Employer identification number

93-0604235

**Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents**

The by-laws were revised to include compensation to be paid to Board Directors and  
Officers for their services.

**Form 990, Part VI, Line 6 - Explanation of Classes of Members or Shareholder**

A member is an individual who owns real property within the service area of the  
Company and who has applied for and received a water tap.

**Form 990, Part VI, Line 7a - How Members or Shareholders Elect Governing Body**

All members are invited to the annual meeting. At that meeting, members vote to  
elect the Board of Directors for the year.

**Form 990, Part VI, Line 11 - Form 990 Review Process**

The Board is provided a copy of the Form 990 for the individual Board Members  
review. At the Board Meeting, prior to the due date of the 990, the Board will  
approve the 990 based on a majority vote. After the Board approves the 990, the  
Board President will sign the return.

**Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts**

The Organization's attorney monitors the transactions being discussed at board  
meetings. In addition, an annual meeting is held in which members may review and  
discuss any conflicts.

**Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available**

The organization makes its governing documents and financial statements available to  
the public upon request by the public.

Name of the organization

Animas Water Company

Employer identification number

93-0604235

**BAA**

BY-LAWS  
OF  
THE ANIMAS WATER COMPANY

*Revised March 12, 2009*

PREAMBLE

These by-laws are enacted to replace and supercede the previous Bylaws of the Animas Water Company.

Article I

NAME, OBJECTS, PURPOSES AND PRINCIPAL PLACE OF BUSINESS

The corporate name, the objects and purposes and the principal place of business of this Company shall be as stated in and provided by the Articles of Incorporation of the Animas Water Company filed in the office of the Secretary of State.

Article II

SEAL

The seal of the Company shall have inscribed thereon the name of the Company and the word "Colorado".

Article III

MEMBERSHIP

Section 1. To be eligible for membership, an applicant must own real property within the service area of the Company, must submit a written application as provided by the Company, and must pay an application fee.

Section 2. All completed applications shall be submitted to the Manager. The Manager shall have the authority to grant or deny such application in its discretion. In determining whether to accept a new member, the Manager shall consider, among other factors, the needs of users who may already be members, whether the Company has an adequate supply of water and storage capacity to serve the applicant, whether service to the applicant would create hardship, inconvenience or expense to the Company, and the need for additional infrastructure. The Manager shall have authority to impose conditions upon the granting of any application. In the event that an application is denied, the applicant shall have the opportunity to appeal the denial to the Board of Directors.

Section 3. Once an application for membership is approved, the membership interest becomes inextricably tied to the real property upon which the membership application was based.

The Board of Directors has the authority, in its discretion, to waive the non-severability limitation in circumstances where it deems just and appropriate. Each member shall be entitled to one water service connection with the Company's system. Any person desiring more than one service connection shall be required to apply for and secure an additional membership for each such connection as provided in Section 1 of this Article. Each member shall be required to comply with all of the rules and regulations of the Company as they may be amended from time to time.

Section 4. Membership Records. The Company shall keep a log of the current members, including contact information, service address, and date of membership. Upon sale, transfer, assignment, or other disposition of the Member's real property located within the service area, the Membership shall transfer to the new owner of the said real property, and may not be severed from the real property upon which the membership was based. The new owner must provide to the Company a copy of the instrument vesting that person with an ownership interest, billing information, and payment of the transfer fee before service will be provided.

#### Article IV MEMBERSHIP MEETINGS

---

Section 1. Annual Meetings. Annual meetings of the members for the election of Directors and for other business which may properly come before the meeting shall be held at the corporate office or such place as the Board of Directors may designate in the County of La Plata, State of Colorado, on the second Wednesday in March of each year, or at some other date if the Board of Directors deems a change of date advisable. Public notice of the time and place of said meeting shall be given by the Secretary by publication in a newspaper published in La Plata County, Colorado having general circulation in said area. The notice will be published at least once not more than thirty (30) days nor less than ten (10) days prior to the date fixed for said meeting and by giving at least ten (10) days' written notice of said meeting by depositing a copy of said notice in the post office addressed to each member at his place of residence, as the same may appear on the records of the Company, or by delivering such notice personally to each member. Members shall be permitted to waive such notice and a waiver in writing, signed by the person or persons entitled to such notice, whether before, at, or after the time of the meeting stated therein, shall be deemed equivalent to such notice.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president, or by a majority of the Directors. The President, or in his absence, the Vice President, shall call a special meeting upon the written petition of ten percent of the members of the Company. Notice of special meetings shall specify the business to be transacted at such meetings and shall be given as provided in Section 1 of this Article. No business other than that specified in the notice may be transacted at a special meeting.

Section 3. Attendance. Members may attend a meeting in person or by proxy. To be valid, a proxy must be in writing, dated, signed by the member, and must designate a person who

will be present at the meeting to cast votes for the member. Proxy authority is presumed to be valid for a period of one year unless a different duration is stated on the face of the proxy. Any revocation of a proxy must be in writing, signed, dated and delivered to the Secretary of the Company. The revocation is not valid until received by the Secretary, and will affect only votes cast after the time of receipt by the Secretary.

Section 4. Quorum The members of the Company attending a meeting, in person or by proxy, whether the meeting be annual or special, shall constitute a quorum for the transaction of business. Members may attend and vote by proxy, but cumulative voting shall not be allowed.

Section 5. Order of Business. All membership meetings of the Company shall be governed by Robert's Rules of Order. The order of business at all membership meetings shall include where applicable:

1. Proof of due notice
2. Reading and disposal of any unapproved minutes
3. Nominations for vacancies on the Board of Directors
4. Report of Board of Directors by President or Vice President, including budget report
5. Report of Manager
6. Unfinished business
7. New business
8. Election of Board Members
9. Adjournment

Section 5. Voting Rights. Each member shall be entitled to one vote irrespective of the number of memberships held.

## Article V DIRECTORS

Section 1. Powers and Functions of the Board of Directors. The business and affairs of this Company shall be managed by a Board of five (5) Directors. The board shall have the general powers and duties necessary for the administration of the affairs of the Company and for the operation and maintenance of the Company, not otherwise prohibited by statute or by the Articles of Incorporation. Such powers and duties shall include but shall not be limited to, the following:

- (a) delegation of authority to a manager for operations, maintenance and repair of the Company, including the hiring and removal of said manager'
- (b) determination of policies for guidance of management;
- (c) establishment and enforcement of rules and regulations of the Company;

(c) control of expenditures by authorizing budgets;

(d) keeping members fully informed of the business of the Company;

(e) establishment of water charges and the levying and collecting of assessments and enforcing the collection thereof in accordance with the laws of the State of Colorado;

(f) administration and enforcement of the provisions of the operating documents of the Company, including, but not limited to the articles of incorporation, by-laws, and rules and regulations of the Company;

(g) To insure, protect and defend, in the name of the company, and or all of the property from loss, and damage by suit or otherwise;

(h) To enter contracts, borrow funds, establish bank accounts or other accounts as necessary to carry out their duties;

(i) To employ or engage attorneys, accountants, engineers, hydrologists, architects, or other professionals to assist in carrying out the board's duties;

(j) visioning and planning for the short and long range future of the Company, including the authorization for capital improvements projects; and

(k) any other management matters that may be necessary to carry on the administration and operation of the Company to ensure the delivery of water in accordance with the purposes of the Company.

Section 2. Election and Term of Board Members. All directors are elected for three year terms. These terms are staggered.

Section 3. Election of Officers. The Board of Directors shall elect by ballot one of its members as President and one Vice-president, and shall also elect a member of the board to be a Secretary and a Treasurer or a Secretary-Treasurer.

Section 4. Term of Officers. Each officer shall be elected for a period of one year, or longer if no successor is appointed and qualified.

Article V Section 5. Compensation of Directors and Officers. The board of directors may authorize compensation to be paid to the board members for their service on the Board of Directors. If compensation is authorized, the amount of compensation shall be fixed by a vote of the members at an annual meeting. The amount of compensation fixed shall be included in the annual budget.



## Section 6 Indemnification.

(a) The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Company) by reason of the fact that he is or was a director, officer, or employee of the Company (including attorneys' fees) judgments, decrees, fines, penalties, and amount paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Company and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful, provided that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Company, unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expenses as such court shall deem proper.

(b) The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, or employee of the Company against any liability asserted against him and incurred by him in any such capacity, or arising out of his status in any of the capacities enumerated in this subparagraph.

Section 7. Board Member's interest. Members of the Board of Directors may not serve as employees of the Company. However, board members may provide services to the Company for which remuneration would be required by the Company. In the event that a matter arises in which a board member has an interest, financial or otherwise, the non-interested board members may elect, by majority vote, to bar said interested board member from voting on matters pertaining to the interest of the board member.

Section 8, Meetings of the Board of Directors. The meetings of the Board of Directors shall be held at such regular intervals as the Board shall determine. A majority of the Board of Directors must be present in person at any meeting of the Board to constitute a quorum for the conduct of business. Special meetings of the Board of Directors may be called by the President upon his own initiative or upon a request by another board member. Notice of special meetings must be provided by fax, mail, e-mail or telephone at least seven days in advance of the meeting. Notwithstanding the notice provisions set forth herein, if the board members unanimously agree to a shorter notice period, or if a unanimous vote of all of the board members on any issue

brought to vote at a special meeting is obtained, then the action taken at the special meeting shall be valid regardless of proper notice.

Section 9. Vacancies. In the event of a vacancy among the Board of Directors by death, resignation or because such vacating Director has ceased to be a member of the Company, such vacancy may be filled by the remaining Directors by the selection of a member of the Company who shall serve out the unexpired term of the director whose office has been vacated. If the Board fails to fill the vacancy, then a new director shall be elected at the annual meeting of the members, and the new director shall serve out the unexpired term of the director whose office has been vacated.

## Article VI OFFICERS

Section 1. Duties of the President. The President shall preside at all meetings of the Board of Directors. He shall execute notes, bonds, mortgages, contracts, deeds and all other instruments on behalf of the Company. He shall be an ex officio member of all standing committees and he shall have such powers and perform such other duties as may be properly required of him by the Board of Directors.

Section 2. Duties of the Vice President. The Vice President shall, in the absence of or disability of the President, or in the event of his death, resignation, or removal from office, perform and discharge the duties and exercise the powers of the President.

Section 3. Duties of the Secretary and the Treasurer or the Secretary-Treasurer:

a) The Secretary, if designated to that office alone, shall keep a record of the proceedings of the Board of Directors and the seal of said Company, and shall attest the signatures of the President and Vice President of the Company.

b) The Treasurer, if designated to that office alone, shall keep the books and records of the Company, shall collect all monies due the Company, and deposit the same in a depository designated by the Board of Directors, shall disburse funds on the proper order of the Board, shall make a report of the business transacted by him annually or at any time that such report is requested, and shall do and perform such other duties and functions as may be required of him by the Board of Directors or the President.

c) If the offices of Secretary and Treasurer are held by one individual, said individual shall perform the duties set forth in a) and b) of this section.

d) The Treasurer or the Secretary-Treasurer shall furnish a surety bond for the faithful performance of his duties and for the accounting for funds and monies handled by him in an amount to be determined by the Board of Directors. The premium for such bond shall be paid by the Company.

e) The Board may delegate some or all of the duties of the Secretary and Treasurer to an employee or independent contractor.

Section 4. Appointment and Duties of Systems Operator/Manager. The Board of Directors may appoint in addition to the officers above named a Systems Operator and/or Manager who will be in charge of the work of construction, maintenance and repair of the water treatment and distribution system. He shall make a monthly report to the Board of Directors showing the condition of the system and the amount and character of work done during the previous month. He shall certify to the Secretary or Secretary-Treasurer the payroll for himself and each laborer who performed work on behalf of the Company. The compensation to be paid for the performance of duties of the Systems Operator and any laborers, or any assistants he may hire shall be in an amount to be determined by the Board of Directors.

## Article VII ASSESSMENTS AND CHARGES

Section 1 Water Charges: The Board of Directors shall establish a rate of charge for water flowing through the meters which are to be installed on each service line connected with the Company's system. Such charges shall be in accordance with the amount registered by such meter. The rate shall also provide for a minimum monthly charge. The Board of Directors shall be guided in establishing the rate of water charges by the estimated amount necessary to pay the costs of operation, maintenance, repair, rehabilitation and construction of the system, payment of principal and interest of any indebtedness of the Company which may have been contracted in connection with the Company's operation, and a reserve for capital improvements and replacement of depreciated assets. Water charges on water sold through meters shall become due monthly and shall become delinquent if not paid within ten days from the date that statement for the same is mailed. If not paid within thirty days from the date said statement is mailed the tap of said water user shall thereupon be shut off by the Company or its authorized agents. The Board of Directors also has the authority to adjust member's water bills for certain mitigating circumstances.

Section 2. Membership Assessments. If for any reason the total amount collected by the Company from water or sewer charges or other sources in any year is, or in the judgment of the board of Directors will be, insufficient to pay all costs and expenses incurred in connection with the Company's operations, debt retirement, and capital improvements projects, the Board of Directors may make a special assessment against the membership. The Board of Directors is not required to deplete or otherwise invade the Company's capital reserve account prior to making a special assessment in accordance with this section.

A proportionate amount of the total assessment shall be levied against each outstanding membership certificate in the same proportion which the then current schedule of the costs of the tap fee or fees of the member bears to the total schedule of costs of fees for taps then in service.

Section 3. Enforcement of Payments of Water Charges and Assessments. In addition to the provisions of Section 1 of this Article, the Board of Directors is authorized and directed to refuse to deliver water to any member who is delinquent in the payment of any assessment levied as provided in Section 2 of this Article. All assessments shall be deemed delinquent ten (10) days after notice of the same has been mailed to the member. In addition to all other remedies provided herein, any assessment or charge to a member shall constitute a lien on the real property on which the tap is located, effective the due date of the assessment or charge. To evidence the lien, the Company may, but shall not be obligated to, prepare a written lien statement, setting forth the name of the Owner, the legal description of the property, the name of the Company, and the delinquent assessment or charge amounts then owing. Any such statement shall be duly signed and acknowledged by the President or a Vice-President of the Association or by the Manager, and shall be served upon the member of the property by mail to the address of the property or at such other address as the Company may have in its records for the member. At least ten (10) days after the Company mails the statement to the member, the Company may record the statement in the office of the Clerk and Recorder of La Plata County, Colorado. Thirty (30) days following the mailing of such notice to the member, the Company may, at its option, proceed to foreclose the statement of lien in the same manner as provided for the foreclosure of mortgages under the statutes of the State of Colorado. Such lien shall be in favor of the Company and shall be for the benefit of all other members. The Company shall recover its reasonable costs and attorney's fees for all collection efforts, whether or not litigation is filed.

The lien shall remain in effect until all charges including interest, attorney's fees and costs are paid.

Section 4. In the event of scarcity of water, failure or partial failure of supply of water for any reason, or anticipated scarcity or failure of water, the Board of Directors shall have the power to restrict and limit the use of water from said system as it deems fit and proper. Notice of the imposition of such restriction may be by phone, or written notice delivered, mailed, faxed or e-mailed, to the members and shall be effective immediately until the members are notified otherwise. The Company may refuse to deliver water during the period of restriction to any member who fails to comply with the water restrictions. In addition, a fine or penalty may be imposed.

#### Article VIII FISCAL YEAR

The fiscal year for said Company shall be the calendar year.

#### Article IX Amendments

These Bylaws, or any Section or Article thereof, may be changed, amended, or repealed at any regular meeting of members, or any special meeting of the members held for that purpose, provided such notice of such proposed changes have been incorporated in the call for such

meeting.

**Article X**  
**Recording**

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\_\_\_\_\_A copy of these Bylaws shall be recorded in the real property records of La Plata County, Colorado.

I, \_\_\_\_\_, the Secretary of the Animas Water Company, do hereby certify that the foregoing document is a true and correct copy of the revised and re-enacted Bylaws of said Company adopted by the members of the Animas Water Company at the annual meeting held March \_\_\_\_, 200\_\_.

\_\_\_\_\_  
Secretary

2009

Schedule D, Part XIV - Supplemental Information

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Animas Water Company

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Schedule D, Part XI, Line 8  
Other Changes In Net Assets Or Fund Balances

Contributed Capital	\$	275,000.
New member investments		22,500.
Total	\$	<u>297,500.</u>