

The MGIC logo is located in the top right corner of the page. It consists of the letters "MGIC" in a white, bold, sans-serif font, set against a dark blue rectangular background. The entire page is framed by a decorative border of colorful geometric shapes, including triangles, squares, and circles in shades of blue, green, yellow, orange, and pink.

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Evaluating the Self-Employed Borrower

and other sources of income

2024 TAX YEAR

Access the worksheets at mgic.com/seb

Evaluating the
Self-Employed
Borrower and
Other Sources
of Income

2024 TAX YEAR



Introduction

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About this Guide

MGIC programs offer industry-leading training available to you.

This workbook includes:

- A resource guide for common concepts and worksheets used to evaluate self-employed income from tax returns
- A case study that provides samples of various types of self-employed income

In addition to this workbook, we have additional tools to help you with your income analysis:

- SAM Cash Flow Analysis Worksheet expands for multiple businesses. Line-by-line help
- Liquidity Worksheet helps support use of K-1 income
- Comparative Income Analysis Worksheet automatically calculates the % of change from one year to the next
- Profit and Loss Statement Analysis Worksheet cash flows the year-to-date income from self-employment sources
- Rental Income Worksheet also expands for multiple properties

Access the worksheets at mgic.com/seb

Introduction

Analytical skills and sound judgment are necessary when evaluating self-employed borrowers. Determining whether they can and will repay a loan is difficult because obtaining an estimate of their earnings from tax returns can be confusing.

The challenge for self-employed borrowers is, while their accountants or tax preparers are experts at reducing tax liabilities by minimizing taxable income, we underwriters start with that same taxable income as a gauge of their earnings. The tax return reveals the borrower's taxable income. But what you are really looking for is the borrower's **cash flow** – funds the borrower is going to use to repay the mortgage.

This manual will guide you through determining qualifying income and calculating cash flow for:

- Self-employed borrowers
- Borrowers owning rental property

Throughout this manual, we may use the term "borrowers" to refer to multiple borrowers or a single borrower.

Risk Factors

Consider these factors when you evaluate self-employed borrowers:

- **Is the local industry structure stable, diversified and competitive?** In other words, how healthy is this business?
- **Is there evidence of sufficient cash reserves to meet personal and business obligations?** A poor personal credit history could indicate a cash flow problem in the business and prevent the business owner from obtaining financing for additional capital if needed
- **Is the property securing the mortgage marketable?** If the business fails, this property becomes the source for repaying the loan

Why use tax returns?

You can get a good snapshot of a typical borrower's income from a pay stub, W-2 form or written Verification of Employment.

But a self-employed borrower is not typical. There is no independent third party to verify employment and income. The most credible sources to verify income are the tax returns they've submitted to the IRS. Unfortunately, tax returns are not designed to provide a clear picture of cash flow. Instead, they report taxable income and deductible expenses.

Schedule Analysis Method

The Schedule Analysis Method, or SAM, is used to calculate self-employed borrowers' cash flow.

By carefully analyzing the individual tax schedules and applying key concepts, SAM helps you determine whether the self-employed borrower is an acceptable risk.

CHARACTERISTICS OF 5 COMMON SELF-EMPLOYED BUSINESSES

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Sole Proprietorship

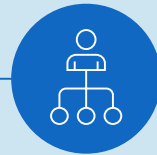
- An unincorporated business with one owner
- Unlimited liability
- All profits flow directly to owner
- Taxed at an individual rate
- **Individual:** Files IRS Schedule C
- **Business:** No returns are filed

Partnership



- A business arrangement between 2 or more people/partners
- Profit/loss is passed to individual partners
- Each partner pays tax on their share of income
- **Partner:** Receives Schedule K-1 and may receive guaranteed payments
- **Business:** Files IRS Form 1065

S Corporation



- A legal entity that has a limited number of stockholders
- Profit/loss is passed to individual stockholders
- Each stockholder pays tax on their share of income
- **Stockholder:** Receives Schedule K-1 and may receive W-2 income
- **Business:** Files IRS Form 1120-S

Corporation



- A legal entity that exists separate from owners who are shareholders
- Profits are distributed to shareholders via dividends
- The corporation pays taxes
- **Shareholder:** Can receive 1099-DIV and/or W-2 income
- **Business:** Files IRS Form 1120

LLC



- A limited liability company is a hybrid business
- No associated tax forms
- Can file using any of the structure-based IRS forms

In mortgage lending, a self-employed borrower is a person who owns 25% or more in an active business. Review, analysis and calculation of a self-employed borrower's income can be tricky, but understanding business structures is an important first step.

TAKE THE NEXT STEP: Attend an MGIC webinar to gain the critical skills you need to evaluate self-employed borrowers' income.



Register now at
mgic.com/seb-webinars

Key Concepts

Tax returns are a starting point for analyzing cash flow.

However, before you can dive into analysis, it's important to know what to consider as **income, expense** or **loss**. Once you understand these basic concepts, you'll have a good foundation for conducting a meaningful analysis.

Three key income/expense components appear throughout the cash flow analysis:

- Noncash expenses
- Expenses limited by the IRS
- Recurring vs. nonrecurring income, expense or loss

Noncash Expenses

The most common types of noncash expenses are depreciation, depletion and amortization. The borrower deducts them from the business's earnings just like cash expenses such as rent, supplies and wages. These write-offs are a way for the business to spread out these costs.

Because these items do not involve a payment to anyone, add them to the borrower's cash flow.

Depreciation

Depreciation is a noncash expense allocated over the useful life of a declared asset. The "expense" reflects a reasonable allowance for wear and tear of an asset. The depreciated asset wears out, becomes obsolete or gets used up and eventually needs to be replaced.

"Real" depreciation typically refers to real estate; either a rental home or commercial property.

"Chattel" depreciation typically refers to assets that have a short life span, such as furniture, cars and office equipment.

Depletion

Depletion is the exhaustion of a natural resource such as oil, gas, standing timber or mineral deposits. The IRS allows a business that exhausts a natural resource in the course of normal operation to allocate the total costs of that natural resource over a given period of time.

This allocation capability enables the borrower to gather sufficient capital to start over once the natural resource is depleted.

Amortization

Amortization is the write-off of initial costs incurred by the borrower prior to the beginning of formal business operations. Examples of initial costs include survey fees, goodwill, trademarks, patents, copyrights, customer lists, non-compete agreements and prepayments. Borrowers can expense these one-time costs over a period of time.

Expenses Limited by the IRS

In certain situations, the IRS limits the amount of expense borrowers can declare to reduce taxable income.

For example, borrowers often treat clients to **meals**. In general, borrowers deduct 50% of these out-of-pocket costs on the tax return – sometimes more, depending upon their occupation. However, since the borrower paid 100% of the expense; subtract the difference from cash flow.

Recurring vs. Nonrecurring Income, Expense or Loss

Recurring Income

Recurring income is ongoing income you can expect to continue for at least the next 3 years in order to consider it as qualifying income for cash flow. The more the borrowers have to rely on that income to repay the mortgage, the more important it is for that income to continue long into the future.

Examples of recurring income include earnings from the operation of a business, interest from long-term investments or even lottery winnings paid out over a number of years.

Nonrecurring Income

Nonrecurring income is income from one-time events. Since you can't expect it to continue, you can't consider it as qualifying income toward cash flow. Examples include the sale of an asset or a prize or other windfall.

Recurring Expense

Recurring expenses are ongoing expenses associated with the day-to-day operation of a business. Examples include wages, insurance, car and truck expenses, etc.

Nonrecurring Expense

A nonrecurring expense or loss is a one-time expense or loss. For example, a casualty loss is a one-time extraordinary expense due to damage or destruction of property from an identifiable event that is sudden, unexpected or unusual, such as an earthquake, flood or hurricane.

If you can document an expense as a true, one-time occurrence related to business, add back the amount to cash flow.

Using Income From Partnerships, S Corporations and Corporations

For self-employed borrowers who are a partner or a shareholder in a corporation, once you've analyzed their personal tax returns, the next step in determining cash flow is to analyze their business tax returns.

If you're using self-employed income from a partnership, S corporation or corporation to qualify the borrower, conduct an analysis of the business tax returns to confirm:

- The stability and liquidity of the borrower's business
- The business is financially capable to generate future earnings

Key Concept

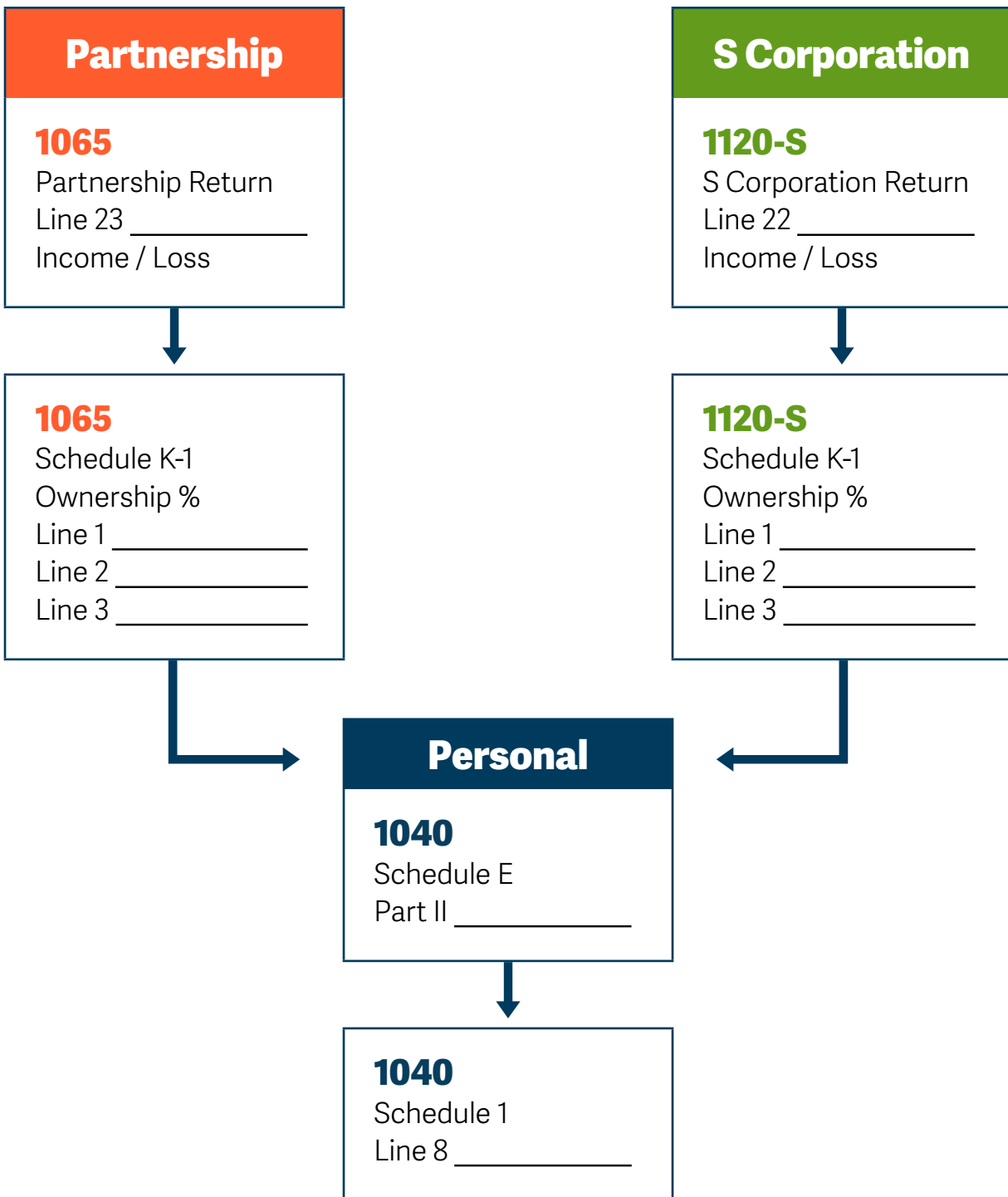
In general, add business income to the borrower's cash flow if:

- The business has positive sales and earnings trends AND
- The borrower has accessed the income OR
- The business has adequate liquidity to support the withdrawal

These factors help demonstrate income will likely be recurring and, therefore, is an acceptable source of qualifying income you can add to your borrower's cash flow.

On the other hand, deduct any loss resulting from your analysis from cash flow as it represents a drain on the borrower's income. Follow investor guidelines.

K-1 Income Flowchart





Case Study

James and Jessica Johnson



About James and Jessica Johnson:

- Filed joint tax returns
- Married with no dependents
- Own 3 rental properties

Things to know about James:

- Sole proprietor of Property Maintenance Ninjas
- 25% partner in Hide Away Storage
- 50% shareholder of J & J Property Solutions

Things to know about Jessica:

- 50% partner in Equitable Property Group, LLC
- Sole owner of Creative Design Concepts, Inc.

Access the worksheets at mgic.com/seb

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix) JAMES JOHNSON		Social Security Number 000 - 00 - 0000 (or Individual Taxpayer Identification Number)
Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) JIMMY JOHNSON	Date of Birth (mm/dd/yyyy) 12 / 11 / 1981	Citizenship <input checked="" type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien
Type of Credit <input type="radio"/> I am applying for individual credit. <input checked="" type="radio"/> I am applying for joint credit. Total Number of Borrowers: Each Borrower intends to apply for joint credit. Your initials:		List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix) – Use a separator between names JESSICA JOHNSON
Marital Status <input checked="" type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried (Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)	Dependents (not listed by another Borrower) Number 0 Ages	Contact Information Home Phone () - Cell Phone (731) 898 - 1234 Work Phone () - Ext. Email JJOHNSON@ANYWHERE.COM
Current Address Street 1750 PROSPERITY DRIVE Unit # City JACKSON State TN ZIP 38305 Country USA How Long at Current Address? 4 Years Months Housing <input type="radio"/> No primary housing expense <input checked="" type="radio"/> Own <input type="radio"/> Rent (\$ /month) If at Current Address for LESS than 2 years, list Former Address <input checked="" type="checkbox"/> Does not apply Street Unit # City State ZIP Country How Long at Former Address? Years Months Housing <input type="radio"/> No primary housing expense <input type="radio"/> Own <input type="radio"/> Rent (\$ /month) Mailing Address – if different from Current Address <input checked="" type="checkbox"/> Does not apply Street Unit # City State ZIP Country		

1b. Current Employment/Self-Employment and Income

☐ Does not apply

Employer or Business Name PROPERTY MAINTENANCE NINJAS Phone (731) 226 - 1255 Street 800 W. COMMERCIAL AVENUE Unit # City JACKSON State TN ZIP 38305 Country USA		Gross Monthly Income Base \$ /month Overtime \$ /month Bonus \$ /month Commission \$ /month Military Entitlements \$ /month Other \$ /month TOTAL \$ 0.00/month
Position or Title OWNER Start Date 02 / 15 / 2021 (mm/dd/yyyy) How long in this line of work? 4 Years Months	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction. <input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) <input checked="" type="radio"/> I have an ownership share of 25% or more. \$ 4932	

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income

☐ Does not apply

Employer or Business Name J & J PROPERTY SOLUTIONS Phone (831) 228 - 1255 Street 2500 N EXECUTIVE DRIVE Unit # City JACKSON State TN ZIP 38305 Country USA		Gross Monthly Income Base \$ /month Overtime \$ /month Bonus \$ /month Commission \$ /month Military Entitlements \$ /month Other \$ /month TOTAL \$ 0.00/month
Position or Title OWNER Start Date 09 / 01 / 2016 (mm/dd/yyyy) How long in this line of work? 7 Years Months	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction. <input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) <input checked="" type="radio"/> I have an ownership share of 25% or more. \$ 5483	

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income

☐ Does not apply

Employer or Business Name HIDE AWAY STORAGE Phone (321) 236 - 5151 Street 42 WILLOW BLVD Unit # City JACKSON State TN ZIP 38305 Country USA		Gross Monthly Income Base \$ /month Overtime \$ /month Bonus \$ /month Commission \$ /month Military Entitlements \$ /month Other \$ /month TOTAL \$ 0.00/month
Position or Title OWNER Start Date 01 / 01 / 2019 (mm/dd/yyyy) How long in this line of work? 6 Years Months	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction. <input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) <input checked="" type="radio"/> I have an ownership share of 25% or more. \$ 95.83	

Section 3: Financial Information — Real Estate. This section asks you to list all properties you currently own and what you owe on them. ☐ *I do not own any real estate*

3a. Property You Own If you are refinancing, list the property you are refinancing FIRST.

Address Street 1750 PROSPERITY DRIVE Unit #
City JACKSON State TN ZIP 38305 Country USA

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$ 475,000	Retained <input type="checkbox"/>	Primary Residence <input type="checkbox"/>	\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
XYZ MORTGAGE	8212342	\$ 2,700	\$ 300,000 <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

3b. IF APPLICABLE, Complete Information for Additional Property ☐ Does not apply

Address Street 123 CLOVER STREET Unit #
City JACKSON State TN ZIP 38301 Country USA

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$350,000	Retained <input type="checkbox"/>	Investment <input type="checkbox"/>	\$	\$1,200	\$-495

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
SYZ MORTGAGE	83155315	\$ 1,000	\$ 250,000 <input checked="" type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

3c. IF APPLICABLE, Complete Information for Additional Property ☐ Does not apply

Address Street 225 S. MAIN STREET Unit #
City JACKSON State TN ZIP 38301 Country USA

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$ 1,000,000	Retained <input type="checkbox"/>	Investment <input type="checkbox"/>	\$ 2,000	\$2,000	\$ 1,200

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
ABC COMMERCIAL BK	15616546512	\$ 500	\$ 6,000 <input type="checkbox"/>	<input checked="" type="checkbox"/>	\$
		\$	\$ <input type="checkbox"/>		\$

3c. IF APPLICABLE, Complete Information for Additional Property ☐ Does not apply

Address Street 326 GOODVIEW LANE Unit #
City MEMPHIS State TN ZIP 38111 Country

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$ 470,000	Retained <input type="checkbox"/>	Investment <input type="checkbox"/>	\$ 2,000	\$4,000	\$2,500

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$ <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

Uniform Residential Loan Application — Additional Borrower

Verify and complete the information on this application as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix) JESSICA JOHNSON		Social Security Number 000 - 00 - 0000 (or Individual Taxpayer Identification Number)	
Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) JESS JOHNSON		Date of Birth (mm/dd/yyyy) 01 / 01 / 1982	Citizenship <input checked="" type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien
Type of Credit <input type="radio"/> I am applying for individual credit. <input checked="" type="radio"/> I am applying for joint credit. Total Number of Borrowers: Each Borrower intends to apply for joint credit. Your initials:		List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix) – Use a separator between names JAMES JOHNSON	
Marital Status <input checked="" type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried (Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)	Dependents (not listed by another Borrower) Number 0 Ages	Contact Information Home Phone () - Cell Phone (731) 898 - 5200 Work Phone () - Ext. Email JESSJOHNSON@ANYWHERE.COM	
Current Address Street 1750 PROSPERITY DRIVE Unit # City JACKSON State TN ZIP 38305 Country How Long at Current Address? 5 Years Months Housing <input type="radio"/> No primary housing expense <input checked="" type="radio"/> Own <input type="radio"/> Rent (\$ /month)			
If at Current Address for LESS than 2 years, list Former Address <input type="checkbox"/> Does not apply Street Unit # City State ZIP Country How Long at Former Address? Years Months Housing <input type="radio"/> No primary housing expense <input type="radio"/> Own <input type="radio"/> Rent (\$ /month)			
Mailing Address – if different from Current Address <input type="checkbox"/> Does not apply Street Unit # City State ZIP Country			

1b. Current Employment/Self-Employment and Income ☐ Does not apply

Employer or Business Name CREATIVE DESIGN CONCEPTS Phone (731) 122 - 8544		Gross Monthly Income	
Street 1000 INNOVATIONS WAY Unit #		Base \$ /month	
City JACKSON State TN ZIP 38301 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 10 / 01 / 2017 (mm/dd/yyyy)		Commission \$ /month	
How long in this line of work? 7 Years Months		Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.		Other \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) \$ 5652		TOTAL \$ 0.00/month	

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income ☐ Does not apply

Employer or Business Name EQUITABLE PROPERTY GROUP, LLC Phone (731) 122 - 8544		Gross Monthly Income	
Street 1750 PROSPERITY DRIVE Unit #		Base \$ /month	
City JACKSON State TN ZIP 38305 Country USA		Overtime \$ /month	
Position or Title OWNER		Bonus \$ /month	
Start Date 05 / 20 / 2018 (mm/dd/yyyy)		Commission \$ /month	
How long in this line of work? 6 Years Months		Military Entitlements \$ /month	
<input checked="" type="checkbox"/> Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.		Other \$ /month	
<input checked="" type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) \$ 2096		TOTAL \$ 0.00/month	

Notes

[illegible]

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Self-employed borrower and income analysis calculators

Equipped for speed and accuracy, our editable and auto-calculating worksheets are available in macro-enabled and macro-free versions.

MGIC > underwriting >

Gain instant access to MGIC's self-employed borrower and income analysis calculators

Updated for 2025:

• Employment & other income calculator

Updated for tax year 2024:

• All-in-one self-employed income calculator

• Rental income calculator

Gain access now ▶

“MGIC worksheets are simple to use and nearly foolproof.”

Shane, Underwriter

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Access the worksheets

Complete this form to gain instant access to our auto-calculating worksheets.

First name:

Last name:

Email address:

Company:

Job title:

[Get the worksheets](#)

SAM Worksheet - Help Document

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Tax Year 2024

The Schedule Analysis Method, or SAM, worksheet is used to calculate self-employed borrowers' cash flow.

This help resource

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Line 1: List

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Line 5: List

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Profit and Loss Statement Analysis

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User tips for macro-free version:

- Add borrower information in blue-shaded fields
- Click "+" on the left gray section of the worksheet to expand businesses as needed
- See [1] [2] boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections
- Use all [1] [2] boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Comparative Income Analysis Worksheet

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Calculating trend ratios, which compare income statement accounts from one year to the next, is an effective way to analyze the profitability or growth of a business.

User tips for macro-free version:

- Select tax year(s) from business return and enter applicable line items
- Enter date of the YTD P&L; worksheet will automatically annualize
- YOY% Change
- See [1] [2] boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Liquidity Worksheet

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Determine business liquidity by using tax return or interim balance sheet and entering the applicable line items below.

In general:

- Use the **Current Ratio** for a business that doesn't rely on inventory to generate its income (i.e., pest control company)
- Use the **Quick Ratio** for a business that relies heavily on inventory to generate its income (i.e., hardware store)
- See [1] [2] boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Cash Flow Analysis Summary

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- To modify the Total No. of Months, select the applicable number from the # mo. drop-down box.
- To exclude a Subtotal from Qualifying Income, select the box to the left of the dollar amount.

Subtotal
\$ 10,000.00

SAM Cash Flow Analysis Worksheet

MGIC

User tips for macro-free version:

- Add borrower information in blue-shaded fields
- Input the tax year(s) being reviewed
- Use Summary section on second tab to analyze income trends
- For negative entries, please type "-" prior to number
- For line instructions, hover over red triangles
- See [1] [2] boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections
- For guidance, see [Help Document](#)
- To print several worksheets tabs into one PDF, hold down the Command or Control key and click on the tabs that should be included, then print the document

BORROWER NAME:

Input the Year(s):

DATE:

SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT

1	Recurring Interest Income: LINE 1 or 1040 LINE 2b		
2	Recurring Dividend Income: LINE 5 or 1040 LINE 3b		
	SUBTOTAL	\$ -	\$ -

SCHEDULE C - SOLE PROPRIETORSHIP

Name:			
4	Net Profit (Loss): LINE 31		
5	Deduct nonrecurring income: LINE 6	()	()
6	Depreciation: LINE 12	()	()
7	Depreciation: LINE 13	()	()
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	()	()
9	Business Use of Home: LINE 30		
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b	= Total Mileage Depreciation		
12	Amortization/Casualty Loss (only if noted): page 2, part V		
	SUBTOTAL	\$ -	\$ -
Name:			
Name:			

SCHEDULE C - SINGLE-MEMBER LLC

Name:			
3	W-2 Income from Self-Employment: W-2, Box 5 (in general)		
4	Net Profit (Loss): LINE 31		
5	Deduct nonrecurring income: LINE 6	()	()
6	Depreciation: LINE 12	()	()
7	Depreciation: LINE 13	()	()
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	()	()
9	Business Use of Home: LINE 30		
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b	= Total Mileage Depreciation		
12	Amortization/Casualty Loss (only if noted): page 2, part V		
	SUBTOTAL	\$ -	\$ -
Name:			
Name:			

SCHEDULE D - CAPITAL GAINS AND LOSSES

13	Recurring Capital Gains (Loss): page 2, LINE 16 (details on FORM 8949)		
	SUBTOTAL	\$ -	\$ -

SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS

To calculate rental property income (loss), use the Rental Income Worksheet

14	Royalty Income (Loss): LINE 4		
15	Total Expenses: LINE 20	()	()
16	Depreciation Expense or Depletion: LINE 18	()	()

Form 1040	Department of the Treasury—Internal Revenue Service	U.S. Individual Income Tax Return	2024	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.	
For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20_____					See separate instructions.	
Your first name and middle initial James		Last name Johnson		Your social security number 000 00 0000		
If joint return, spouse's first name and middle initial Jessica		Last name Johnson		Spouse's social security number 000 00 0001		
Home address (number and street). If you have a P.O. box, see instructions. 1750 Prosperity Drive				Apt. no. 		
City, town, or post office. If you have a foreign address, also complete spaces below. Jackson			State TN	ZIP code 38305		
Foreign country name 		Foreign province/state/county 		Foreign postal code 		
					Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
Filing Status <input type="checkbox"/> Single <input type="checkbox"/> Head of household (HOH) <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) Check only one box. <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Qualifying surviving spouse (QSS) If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____ <input type="checkbox"/> If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____						
Digital Assets At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						
Standard Deduction Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien						
Age/Blindness You: <input type="checkbox"/> Were born before January 2, 1960 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1960 <input type="checkbox"/> Is blind						
Dependents (see instructions):						
(1) First name		Last name		(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):
						Child tax credit
						Credit for other dependents
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
Income						
1a Total amount from Form(s) W-2, box 1 (see instructions) 1a 60,000.						
b Household employee wages not reported on Form(s) W-2 1b						
c Tip income not reported on line 1a (see instructions) 1c						
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) 1d						
e Taxable dependent care benefits from Form 2441, line 26 1e						
f Employer-provided adoption benefits from Form 8839, line 29 1f						
g Wages from Form 8919, line 6 1g						
h Other earned income (see instructions) 1h 0.						
i Nontaxable combat pay election (see instructions) 1i						
z Add lines 1a through 1h 1z 60,000.						
2a Tax-exempt interest 2a						
3a Qualified dividends 3a 6,900.						
4a IRA distributions 4a						
5a Pensions and annuities 5a						
6a Social security benefits 6a						
b Taxable interest 2b 1,700.						
b Ordinary dividends 3b 6,900.						
b Taxable amount 4b						
b Taxable amount 5b						
b Taxable amount 6b						
c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>						
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 7 -1,000.						
8 Additional income from Schedule 1, line 10 8 151,965.						
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income 9 219,565.						
10 Adjustments to income from Schedule 1, line 26 10 7,002.						
11 Subtract line 10 from line 9. This is your adjusted gross income 11 212,563.						
12 Standard deduction or itemized deductions (from Schedule A) 12 29,200.						
13 Qualified business income deduction from Form 8995 or Form 8995-A 13 27,233.						
14 Add lines 12 and 13 14 56,433.						
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income 15 156,130.						
Attach Sch. B if required.						
Standard Deduction for— • Single or Married filing separately, \$14,600 • Married filing jointly or Qualifying surviving spouse, \$29,200 • Head of household, \$21,900 • If you checked any box under Standard Deduction , see instructions.						
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.						
Form 1040 (2024)						

Tax and Credits			16	23,972.
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____ . .		16	23,972.
17	Amount from Schedule 2, line 3		17	
18	Add lines 16 and 17		18	23,972.
19	Child tax credit or credit for other dependents from Schedule 8812		19	
20	Amount from Schedule 3, line 8		20	
21	Add lines 19 and 20		21	
22	Subtract line 21 from line 18. If zero or less, enter -0-		22	23,972.
23	Other taxes, including self-employment tax, from Schedule 2, line 21		23	7,003.
24	Add lines 22 and 23. This is your total tax		24	30,975.

Payments		25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	15,000.	
	b	Form(s) 1099	25b		
	c	Other forms (see instructions)	25c		
	d	Add lines 25a through 25c	25d	15,000.	
If you have a qualifying child, attach Sch. EIC.	26	2024 estimated tax payments and amount applied from 2023 return	26	16,000.	
	27	Earned income credit (EIC)	27		
	28	Additional child tax credit from Schedule 8812	28		
	29	American opportunity credit from Form 8863, line 8	29		
	30	Reserved for future use	30		
	31	Amount from Schedule 3, line 15	31		
	32	Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32		
	33	Add lines 25d, 26, and 32. These are your total payments	33	31,000.	

Direct deposit? See instructions.	Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	25 .
		35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	25 .
	b	Routing number	<input type="text" value="X X X X X X X X X X"/>	c Type:	<input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number	<input type="text" value="X X X X X X X X X X X X X X X X"/>		
	36	Amount of line 34 you want applied to your 2025 estimated tax	36		

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions			<input type="checkbox"/> Yes. Complete below.	<input checked="" type="checkbox"/> No
	Designee's name	Phone no.	Personal identification number (PIN)	<input type="text"/>	<input type="text"/>

Sign Here Joint return? See instructions. Keep a copy for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature	Date	Your occupation Self Employed	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation Self Employed	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
	Phone no.	Email address		

Paid Preparer Use Only	Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
	Firm's name	Self-Prepared			Phone no.
	Firm's address				Firm's EIN

**SCHEDULE 1
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2024
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

James & Jessica Johnson

Your social security number

000-00-0000

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss

Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k.

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions):		
3	Business income or (loss). Attach Schedule C	3	53,365.
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	98,600.
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income:		
a	Net operating loss	8a	()
b	Gambling	8b	
c	Cancellation of debt	8c	
d	Foreign earned income exclusion from Form 2555	8d	()
e	Income from Form 8853	8e	
f	Income from Form 8889	8f	
g	Alaska Permanent Fund dividends	8g	
h	Jury duty pay	8h	
i	Prizes and awards	8i	
j	Activity not engaged in for profit income	8j	
k	Stock options	8k	
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l	
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m	
n	Section 951(a) inclusion (see instructions)	8n	
o	Section 951A(a) inclusion (see instructions)	8o	
p	Section 461(l) excess business loss adjustment	8p	
q	Taxable distributions from an ABLE account (see instructions)	8q	
r	Scholarship and fellowship grants not reported on Form W-2	8r	
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s	()
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t	
u	Wages earned while incarcerated	8u	
v	Digital assets received as ordinary income not reported elsewhere. See instructions	8v	
z	Other income. List type and amount:	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	151,965.

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule 1 (Form 1040) 2024

Part II Other Taxes (continued)

17 Other additional taxes:

a Recapture of other credits. List type, form number, and amount:

17a

**SCHEDULE 2
(Form 1040)**Department of the Treasury
Internal Revenue Service**Additional Taxes**

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2024Attachment
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

James & Jessica Johnson

000-00-0000

Part I

1 Add

Schedule 1 (Form 1040) 2024

Page **2****Part II Adjustments to Income**

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	3,502.
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	3,500.
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction	20	
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount:	24z	
25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10	26	7,002.

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Schedule 1 (Form 1040) 2024

For Paperwork

Schedule B – Interest and Dividends from Self-Employment Cash Flow

X	SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT	2024	2023
1	Recurring Interest Income: LINE 1 or 1040 LINE 2b		
2	Recurring Dividend Income: LINE 5 or 1040 LINE 3b		
SUBTOTAL		\$ -	\$ -

Notes

**SCHEDULE B
(Form 1040)**Department of the Treasury
Internal Revenue Service**Interest and Ordinary Dividends**Attach to Form 1040 or 1040-SR.
Go to www.irs.gov/ScheduleB for instructions and the latest information.

OMB No. 1545-0074

2024
Attachment
Sequence No. **08**

Name(s) shown on return

James & Jessica Johnson

Your social security number

000-00-0000

**Part I
Interest**(See instructions
and the
Instructions for
Form 1040,
line 2b.)**Note:** If you
received a
Form 1099-INT,
Form 1099-OID,
or substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the total interest
shown on that
form.

- 1**
- List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address:

Colonial Federal
J & J Property Solutions**Amount**

500.

1,200.

1

- 2**
- Add the amounts on line 1
-
- 3**
- Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
-
- 4**
- Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b

1,700.

3

1,700.

Note: If line 4 is over \$1,500, you must complete Part III.**Amount****Part II
Ordinary Dividends**(See instructions
and the
Instructions for
Form 1040,
line 3b.)**Note:** If you
received a
Form 1099-DIV
or substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the ordinary
dividends shown
on that form.

- 5**
- List name of payer:
- IBM
-
- Creative Design Concepts

500.

6,400.

5

- 6**
- Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b

6,900.

Note: If line 6 is over \$1,500, you must complete Part III.**Part III
Foreign
Accounts
and Trusts****Caution:** If
required, failure to
file FinCEN Form
114 may result in
substantial
penalties.
Additionally, you
may be required to
file Form 8938,
Statement of
Specified Foreign
Financial Assets.
See instructions.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

- 7a**
- At any time during 2024, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions
-
- If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements
-
- b**
- If you are required to file FinCEN Form 114, list the name(s) of the foreign country(-ies) where the financial account(s) is (are) located:
-
- 8**
- During 2024, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions

Yes**No**

X

X

For Paperwork Reduction Act Notice, see your tax return instructions.

BAA

REV 01/24/25 TTW

Schedule B (Form 1040) 2024

Schedule C – Sole Proprietorship Cash Flow

SCHEDULE C - SOLE PROPRIETORSHIP		2024	2023
Name:			
4	Net Profit (Loss): LINE 31		
5	Deduct nonrecurring income: LINE 6	()	()
6	Depletion: LINE 12		
7	Depreciation: LINE 13		
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	()	()
9	Business Use of Home: LINE 30		
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26		
11b	= Total Mileage Depreciation		
12	Amortization/Casualty Loss (only if noted): page 2, part V		
SUBTOTAL		\$ -	\$ -

Notes

[illegible]

Access the worksheets at mgic.com/seb

**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.

OMB No. 1545-0074

2024
Attachment
Sequence No. **09**

Name of proprietor <u>James Johnson</u>		Social security number (SSN) <u>000-00-0000</u>
A Principal business or profession, including product or service (see instructions) <u>Property Maintenance and Repair Services</u>	B Enter code from instructions <u>9 9 9 0 0 0</u>	
C Business name. If no separate business name, leave blank. <u>Property Maintenance Ninjas</u>	D Employer ID number (EIN) (see instr.) 	
E Business address (including suite or room no.) <u>800 W Commercial Ave</u> City, town or post office, state, and ZIP code <u>Jackson, TN 38305</u>		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____		
G Did you "materially participate" in the operation of this business during 2024? If "No," see instructions for limit on losses . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2024, check here <input type="checkbox"/>		
I Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
J If "Yes," did you or will you file required Form(s) 1099? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	125,965.
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	125,965.
4 Cost of goods sold (from line 42)	4	25,000.
5 Gross profit. Subtract line 4 from line 3	5	100,965.
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	980.
7 Gross income. Add lines 5 and 6	7	101,945.

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8		18 Office expense (see instructions)	18	520.
9 Car and truck expenses (see instructions)	9	12,060.	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	2,300.	21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	
15 Insurance (other than health)	15	1,200.	23 Taxes and licenses	23	
16 Interest (see instructions):			24 Travel and meals:		
a Mortgage (paid to banks, etc.)	16a	3,800.	a Travel	24a	
b Other	16b		b Deductible meals (see instructions)	24b	1,200.
17 Legal and professional services	17	750.	25 Utilities	25	1,850.
			26 Wages (less employment credits)	26	24,000.
			27a Other expenses (from line 48)	27a	500.
			b Energy efficient commercial bldgs deduction (attach Form 7205)	27b	
28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28	48,180.			
29 Tentative profit or (loss). Subtract line 28 from line 7	29	53,765.			
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	400.			
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.					
32 If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.					
	31	53,365.			

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.

BAA

REV 01/24/25 TTW

Schedule C (Form 1040) 2024

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory: a <input checked="" type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35 15,000.
36	Purchases less cost of items withdrawn for personal use	36 10,000.
37	Cost of labor. Do not include any amounts paid to yourself	37 12,000.
38	Materials and supplies	38 5,200.
39	Other costs	39
40	Add lines 35 through 39	40 42,200.
41	Inventory at end of year	41 17,200.
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42 25,000.

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

See Additional Vehicle Information

43	When did you place your vehicle in service for business purposes? (month/day/year)
44	Of the total number of miles you drove your vehicle during 2024, enter the number of miles you used your vehicle for:
a	Business
b	Commuting (see instructions)
c	Other
45	Was your vehicle available for personal use during off-duty hours? <input type="checkbox"/> Yes <input type="checkbox"/> No
46	Do you (or your spouse) have another vehicle available for personal use? <input type="checkbox"/> Yes <input type="checkbox"/> No
47a	Do you have evidence to support your deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No

Part V Other Expenses. List below business expenses not included on lines 8–26, line 27b, or line 30.

Dues	100.
Laundry	400.
.....	
.....	
.....	
.....	
.....	
.....	
48 Total other expenses. Enter here and on line 27a	48 500.

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2024

Attachment
Sequence No. 179Department of the Treasury
Internal Revenue ServiceAttach to your tax return.
Go to www.irs.gov/Form4562 for instructions and the latest information.

Name(s) shown on return

JAMES JOHNSON

Business or activity to which this form relates

PROPERTY MAINTENANCE NINJAS

Identifying number

000-00-0000

Part I Election To Expense Certain Property Under Section 179**Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions).	1	
2	Total cost of section 179 property placed in service (see instructions).	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2023 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2025. Add lines 9 and 10, less line 12.	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions.	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Don't include listed property. See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2024	17	1,900
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2024 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		5,600	7.0	HY	S/L	400
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C - Assets Placed in Service During 2024 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 30-year			30 yrs.	MM	S/L	
d 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22	2,300
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2024)

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		24b If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions 25								
26 Property used more than 50% in a qualified business use:								
FORD F350	02/01/2021	100 %						
GMC SIERRA 2500HD	05/30/2024	100 %						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28								
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1. 29								

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (don't include commuting miles) . . .	12000		6000									
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32	12000		6000		0		0		0		0	
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	X		X									
35 Was the vehicle used primarily by a more than 5% owner or related person?	X		X									
36 Is another vehicle available for personal use?	X		X									

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **aren't** more than 5% owners or related persons. See instructions.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? See instructions		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2024 tax year (see instructions):					
43 Amortization of costs that began before your 2024 tax year. 43					
44 Total. Add amounts in column (f). See the instructions for where to report 44					

For the year Jan. 1–Dec. 31, 2023, or other tax year beginning _____, 2023, ending _____, 20 _____			See separate instructions.	
Your first name and middle initial <u>James</u>		Last name <u>Johnson</u>	Your social security number 000 00 0000	
If joint return, spouse's first name and middle initial <u>Jessica</u>		Last name <u>Johnson</u>	Spouse's social security number 000 00 0001	
Home address (number and street). If you have a P.O. box, see instructions. <u>1750 Prosperity Drive</u>			Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
City, town, or post office. If you have a foreign address, also complete spaces below. <u>Jackson</u>		State <u>TN</u>		ZIP code <u>38305</u>
Foreign country name		Foreign province/state/county		Foreign postal code

Filing Status ☐ Single ☐ Head of household (HOH)
☒ Married filing jointly (even if only one had income)
Check only one box. ☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

Digital Assets At any time during 2023, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ **Yes** ☒ **No**

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☐ Were born before January 2, 1959 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1959 ☐ Is blind

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	
(1) First name	Last name			Child tax credit	Credit for other dependents
If more than four dependents, see instructions and check here <input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.	1a	Total amount from Form(s) W-2, box 1 (see instructions)		1a	50,000.		
	b	Household employee wages not reported on Form(s) W-2		1b			
	c	Tip income not reported on line 1a (see instructions)		1c			
	d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		1d			
	e	Taxable dependent care benefits from Form 2441, line 26		1e			
	f	Employer-provided adoption benefits from Form 8839, line 29		1f			
	g	Wages from Form 8919, line 6		1g			
	h	Other earned income (see instructions)		1h	0.		
	i	Nontaxable combat pay election (see instructions)	1i				
	z	Add lines 1a through 1h		1z	50,000.		
Attach Sch. B if required.	2a	Tax-exempt interest	2a		b Taxable interest	2b	1,700.
	3a	Qualified dividends	3a	3,000.	b Ordinary dividends	3b	3,000.
	4a	IRA distributions	4a		b Taxable amount	4b	
	5a	Pensions and annuities	5a		b Taxable amount	5b	
	6a	Social security benefits	6a		b Taxable amount	6b	
	c	If you elect to use the lump-sum election method, check here (see instructions)					
	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here		7	-1,000.		
	8	Additional income from Schedule 1, line 10		8	119,390.		
	9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		9	173,090.		
	10	Adjustments to income from Schedule 1, line 26		10	8,074.		
Standard Deduction for— <ul style="list-style-type: none">• Single or Married filing separately, \$13,850• Married filing jointly or Qualifying surviving spouse, \$27,700• Head of household, \$20,800• If you checked any box under Standard Deduction, see instructions.	11	Subtract line 10 from line 9. This is your adjusted gross income		11	165,016.		
	12	Standard deduction or itemized deductions (from Schedule A)		12	27,700.		
	13	Qualified business income deduction from Form 8995 or Form 8995-A		13	22,103.		
	14	Add lines 12 and 13		14	49,803.		
	15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income		15	115,213.		

Tax and Credits	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____	16	15,752.
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	15,752.
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	15,752.
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	9,148.
24	Add lines 22 and 23. This is your total tax	24	24,900.	

Payments	25	Federal income tax withheld from:			
	a	Form(s) W-2	25a	12,500.	
	b	Form(s) 1099	25b		
	c	Other forms (see instructions)	25c		
	d	Add lines 25a through 25c	25d	12,500.	
	26	2023 estimated tax payments and amount applied from 2022 return	26	12,000.	
	27	Earned income credit (EIC)	27		
	28	Additional child tax credit from Schedule 8812	28		
	29	American opportunity credit from Form 8863, line 8	29		
	30	Reserved for future use	30		
	31	Amount from Schedule 3, line 15	31		
	32	Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32		
33	Add lines 25d, 26, and 32. These are your total payments	33	24,500.		

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34																	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a																	
	b	Routing number <table><tr><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr></table>	X	X	X	X	X	X	X	X	X	X	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings							
	X	X	X	X	X	X	X	X	X	X										
d	Account number <table><tr><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr></table>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
36	Amount of line 34 you want applied to your 2024 estimated tax	36																		

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	400.
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes . Complete below. <input checked="" type="checkbox"/> No		
	Designee's name	Phone no.	Personal identification number (PIN)

Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
	Phone no.	Email address		

Paid Preparer Use Only	Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
	Firm's name	Self-Prepared			Phone no.
	Firm's address	Firm's EIN			

Part II Other Taxes (continued)

17 Other additional taxes:

SCHEDULE 2
(Form 1040)Department of the Treasury
Internal Revenue Service**Additional Taxes**Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2023Attachment
Sequence No. **02**

Name

James

Schedule 1 (Form 1040) 2023

Page **2****Part II****Adjustments to Income**

1

11

Educator expenses

11

2

12

3

13

Part II**SCHEDULE 1**
(Form 1040)Department of the Treasury
Internal Revenue Service**Additional Income and Adjustments to Income**Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2023Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

James & Jessica Johnson

Your social security number

000-00-0000

6

19a

Part I Additional Income

7

20

1 Taxable refunds, credits, or offsets of state and local income taxes

1

8

21

2a Alimony received

2a

9

22

b Date of original divorce or separation agreement (see instructions):

10

23

3 Business income or (loss). Attach Schedule C

3

68,540.

11

24

4 Other gains or (losses). Attach Form 4797

4

12

25

5 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

5

50,850.

13

26

6 Farm income or (loss). Attach Schedule F

6

14

27

7 Unemployment compensation

7

15

28

8 Other income:

16

29

a Net operating loss

8a ()

17

30

b Gambling

8b

18

31

c Cancellation of debt

8c

19

32

d Foreign earned income exclusion from Form 2555

8d ()

20

33

e Income from Form 8853

8e

21

34

f Income from Form 8889

8f

22

35

g Alaska Permanent Fund dividends

8g

23

36

h Jury duty pay

8h

24

37

i Prizes and awards

8i

25

38

j Activity not engaged in for profit income

8j

26

39

k Stock options

8k

27

40

l Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property

8l

28

41

m Olympic and Paralympic medals and USOC prize money (see instructions)

8m

29

42

n Section 951(a) inclusion (see instructions)

8n

30

43

o Section 951A(a) inclusion (see instructions)

8o

31

44

p Section 461(l) excess business loss adjustment

8p

32

45

q Taxable distributions from an ABL account (see instructions)

8q

33

46

r Scholarship and fellowship grants not reported on Form W-2

8r

34

47

s Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d

8s ()

35

48

t Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan

8t

36

49

u Wages earned while incarcerated

8u

37

50

z Other income. List type and amount:

8z

38

51

9 Total other income. Add lines 8a through 8z

9

39

52

10 Combine lines 1 through 7 and 9. This is your **additional income**. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8

10

119,390.

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule 1 (Form 1040) 2023

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.
Go to www.irs.gov/ScheduleC for instructions and the latest information.

OMB No. 1545-0074

2023
Attachment
Sequence No. **09**

Name of proprietor James Johnson		Social security number (SSN) 000-00-0000
A Principal business or profession, including product or service (see instructions) Property Maintenance and Repair Services	B Enter code from instructions 9 9 9 0 0 0	
C Business name. If no separate business name, leave blank. Property Maintenance Ninjas	D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) 800 W Commercial Ave City, town or post office, state, and ZIP code Jackson, TN 38305		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____		
G Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2023, check here <input type="checkbox"/>		
I Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
J If "Yes," did you or will you file required Form(s) 1099? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	117,200.
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	117,200.
4 Cost of goods sold (from line 42)	4	28,000.
5 Gross profit. Subtract line 4 from line 3	5	89,200.
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	4,250.
7 Gross income. Add lines 5 and 6	7	93,450.

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8		18 Office expense (see instructions)	18	50.
9 Car and truck expenses (see instructions)	9	7,260.	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	2,400.	21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	
15 Insurance (other than health)	15	1,000.	23 Taxes and licenses	23	
16 Interest (see instructions):			24 Travel and meals:		
a Mortgage (paid to banks, etc.)	16a	3,800.	a Travel	24a	
b Other	16b		b Deductible meals (see instructions)	24b	1,000.
17 Legal and professional services	17	600.	25 Utilities	25	1,650.
			26 Wages (less employment credits)	26	6,000.
			27a Other expenses (from line 48)	27a	1,150.
			b Energy efficient commercial bldgs deduction (attach Form 7205)	27b	
28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28			28	24,910.
29 Tentative profit or (loss). Subtract line 28 from line 7	29			29	68,540.
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30			30	
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31			31	68,540.
32 If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.					
			32a <input type="checkbox"/> All investment is at risk.		
			32b <input type="checkbox"/> Some investment is not at risk.		

For Paperwork Reduction Act Notice, see the separate instructions.

BAA

REV 09/17/24 TTW

Schedule C (Form 1040) 2023

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory: a <input checked="" type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35 26,000.
36	Purchases less cost of items withdrawn for personal use 36 15,000.
37	Cost of labor. Do not include any amounts paid to yourself 37
38	Materials and supplies 38 2,000.
39	Other costs 39
40	Add lines 35 through 39 40 43,000.
41	Inventory at end of year 41 15,000.
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4 42 28,000.

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43	When did you place your vehicle in service for business purposes? (month/day/year) <u>01/01/2020</u>
44	Of the total number of miles you drove your vehicle during 2023, enter the number of miles you used your vehicle for:
a	Business <u>12,000</u> b Commuting (see instructions) _____ c Other <u>8,000</u>
45	Was your vehicle available for personal use during off-duty hours? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
46	Do you (or your spouse) have another vehicle available for personal use? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
47a	Do you have evidence to support your deduction? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Part V Other Expenses. List below business expenses not included on lines 8–26, line 27b, or line 30.

Dues	100.
Laundry	400.
Casualty Loss	650.
48 Total other expenses. Enter here and on line 27a 48 1,150.	

Profit and Loss Statement Analysis

MGIC

User tips for macro-free version:

- Add borrower information in blue-shaded fields
- Click “+” on the left gray section of the worksheet to expand businesses as needed
- See

12

 boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections
- Use all four columns to break down income into quarterly periods to show seasonality of business earnings

BORROWER NAME:

Sole Proprietorship Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

SOLE PROPRIETORSHIP									
Time Frame (i.e., YTD, quarterly):									
Date From:									
Date Paid Through:									
Net Profit (Loss):									
Deduct nonrecurring income:		()		()		()		()	
Add nonrecurring loss:									
Depletion:									
Depreciation:									
Amortization/Casualty Loss:									
Other:									
Total Income:		\$	-	\$	-	\$	-	\$	-
Monthly Income:		\$	-	\$	-	\$	-	\$	-

Property Maintenance Ninjas

Income Statement

Date: 3/31/25

Income:

Services rendered	\$ 46,850
Other income	\$ 500
Cost of materials	\$ 6,750

GROSS PROFITS	\$40,600
----------------------	-----------------

Expenses:

Salaries	\$ 15,500
Licenses	\$ 500
Insurance	\$ 400
Maintenance	\$ 250
Meals	\$ 375
Depreciation	\$ 975
Mortgage	\$ 950
Auto	\$ 1,895

TOTAL EXPENSES	\$20,845
-----------------------	-----------------

NET PROFIT	\$19,755
-------------------	-----------------

Schedule D – Capital Gains and Losses Cash Flow

X SCHEDULE D - CAPITAL GAINS AND LOSSES		2024	2023
13	Recurring Capital Gains (Loss): page 2, LINE 16 (details on FORM 8949)		
SUBTOTAL		\$ -	\$ -

Notes

**SCHEDULE D
(Form 1040)**Department of the Treasury
Internal Revenue Service**Capital Gains and Losses**

Attach to Form 1040, 1040-SR, or 1040-NR.

Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.
Go to www.irs.gov/ScheduleD for instructions and the latest information.

OMB No. 1545-0074

2024Attachment
Sequence No. **12**

Name(s) shown on return

James & Jessica Johnson

Your social security number

000-00-0000

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? ☐ Yes ☐ No

If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.

Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 . . .				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7

Part II Long-Term Capital Gains and Losses—Generally Assets Held More Than One Year (see instructions)

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b .				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked	6,000.	7,000.		-1,000.
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then, go to Part III on the back				15 -1,000.

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule D (Form 1040) 2024

Part III Summary

16 Combine lines 7 and 15 and enter the result	16 -1,000.
<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, 1040-SR, or 1040-NR, line 7. Then, go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then, go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, 1040-SR, or 1040-NR, line 7. Then, go to line 22. 	
17 Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.	
18 If you are required to complete the 28% Rate Gain Worksheet (see instructions), enter the amount, if any, from line 7 of that worksheet	18
19 If you are required to complete the Unrecaptured Section 1250 Gain Worksheet (see instructions), enter the amount, if any, from line 18 of that worksheet	19
20 Are lines 18 and 19 both zero or blank and you are not filing Form 4952? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 16. Don't complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Don't complete lines 21 and 22 below.	
21 If line 16 is a loss, enter here and on Form 1040, 1040-SR, or 1040-NR, line 7, the smaller of: <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <ul style="list-style-type: none"> • The loss on line 16; or • (\$3,000), or if married filing separately, (\$1,500) </div> <div style="font-size: 3em; margin-right: 10px;">}</div> <div> 21 (1,000.) </div> </div> <p>Note: When figuring which amount is smaller, treat both amounts as positive numbers.</p>	
22 Do you have qualified dividends on Form 1040, 1040-SR, or 1040-NR, line 3a? <input checked="" type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 16. <input type="checkbox"/> No. Complete the rest of Form 1040, 1040-SR, or 1040-NR.	

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side

James & Jessica Johnson

Social security number or taxpayer identification number

000-00-0000

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part II Long-Term. Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☒ **(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
☐ **(E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
☐ **(F)** Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	
	IBM	05/15/19	09/20/24	6,000.	7,000.			-1,000.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) . . .				6,000.	7,000.			-1,000.

Note: If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

Schedule E – Supplemental Income and Loss Cash Flow

X	SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS	To calculate rental property income (loss), use the Rental Income Worksheet	2024		2023	
14	Royalty Income (Loss): LINE 4					
15	Total Expenses: LINE 20		()	()
16	Depreciation Expense or Depletion: LINE 18					
SUBTOTAL			\$	-	\$	-

For rental income calculations, see Rental Income Worksheet (page 86)

Notes

SCHEDULE E
(Form 1040)

Department of the Treasury
Internal Revenue Service

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

Go to www.irs.gov/ScheduleE for instructions and the latest information.

OMB No. 1545-0074

2024

Attachment
Sequence No. 13

Name(s) shown on return

James & Jessica Johnson

Your social security number

000-00-0000

Part I Income or Loss From Rental Real Estate and Royalties

Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions ☒ Yes ☐ No

B If "Yes," did you or will you file required Form(s) 1099? ☒ Yes ☐ No

1a Physical address of each property (street, city, state, ZIP code)

A 123 Clover Street Jackson TN 38301

B 225 S Main Street Jackson TN 38301

C 326 Goodview Lane Memphis TN 38111

1b Type of Property
(from list below)

A 1

B 4

C 1

2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.

Fair Rental
Days

Personal Use
Days

QJV

A

365

0

☐

B

365

0

☐

C

90

0

☐

Type of Property:

1 Single Family Residence

3 Vacation/Short-Term Rental

5 Land

7 Self-Rental

2 Multi-Family Residence

4 Commercial

6 Royalties

8 Other (describe) _____

Income:

3 Rents received

3

6,200.

17,500.

4,000.

4 Royalties received

4

Expenses:

5 Advertising

5

100.

6 Auto and travel (see instructions)

6

7 Cleaning and maintenance

7

150.

750.

400.

8 Commissions

8

9 Insurance

9

300.

2,300.

50.

10 Legal and other professional fees

10

11 Management fees

11

12 Mortgage interest paid to banks, etc. (see instructions)

12

4,400.

5,300.

13 Other interest

13

14 Repairs

14

15 Supplies

15

16 Taxes

16

1,200.

1,200.

350.

17 Utilities

17

2,500.

18 Depreciation expense or depletion

18

2,500.

2,000.

19 Other (list) Home Owner's Assoc. Fees

19

600.

20 Total expenses. Add lines 5 through 19

20

8,550.

14,050.

1,500.

21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198

21

-2,350.

3,450.

2,500.

22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)

22

(2,350.)

()

()

23a Total of all amounts reported on line 3 for all rental properties

23a

27,700.

b Total of all amounts reported on line 4 for all royalty properties

23b

c Total of all amounts reported on line 12 for all properties

23c

9,700.

d Total of all amounts reported on line 18 for all properties

23d

4,500.

e Total of all amounts reported on line 20 for all properties

23e

24,100.

24 Income. Add positive amounts shown on line 21. Do not include any losses

24

5,950.

25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here

25

(2,350.)

26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, and IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 .

26

3,600.

For Paperwork Reduction Act Notice, see the separate instructions.

Schedule E (Form 1040) 2024

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

James & Jessica Johnson

000-00-0000

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations**

Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (f) on line 28 and attach **Form 6198**. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section ☐ **Yes** ☒ **No**

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A	Hide Away Storage	P	<input type="checkbox"/>	00-0000000	<input type="checkbox"/>	<input type="checkbox"/>
B	Equitable Property Group, LLC	P	<input type="checkbox"/>	00-0000000	<input type="checkbox"/>	<input type="checkbox"/>
C	J & J Property Solutions	S	<input type="checkbox"/>	00-0000000	<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss			Nonpassive Income and Loss		
	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A	2,000.				10,000.
B		26,000.			
C		61,000.			
D					
29a Totals		87,000.			10,000.
b Totals	2,000.				
30	Add columns (h) and (k) of line 29a				30 97,000.
31	Add columns (g), (i), and (j) of line 29b				31 (2,000.)
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31				32 95,000.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
	(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35	Add columns (d) and (f) of line 34a		35
36	Add columns (c) and (e) of line 34b		36 ()
37	Total estate and trust income or (loss). Combine lines 35 and 36		37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q , line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q , line 1b	(e) Income from Schedules Q , line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40	Net farm rental income or (loss) from Form 4835 . Also, complete line 42 below	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Schedule 1 (Form 1040), line 5	41	98,600.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120-S), box 17, code AN; and Schedule K-1 (Form 1041), box 14, code F. See instructions	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040, Form 1040-SR, or Form 1040-NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	

Notes

[illegible]

Partnership Cash Flow

Evaluate business income as required by your investor.

	PARTNERSHIP	Name:	2024	2023
SCHEDULE K-1				
24	Ordinary Income (Loss):	LINE 1 If > Distributions see additional requirements.		
25	Net Rental Income (Loss):	LINES 2 & 3 If > Distributions see additional requirements.		
26	Guaranteed Payments:	LINE 4c		
SUBTOTAL			\$ -	\$ -
FORM W-2				
27	Wages:	W-2, Box 5 (in general)		
FORM 1065				
28	Passthrough (Income) Loss from Other Partnerships:	LINE 4		
29	Deduct nonrecurring income:	LINES 5, 6 & 7	()	()
30	Depreciation:	LINE 16c		
31	Depreciation (FORM 8825):	LINE 14		
32	Depletion:	LINE 17		
33	Amortization/Casualty Loss/Nonrecurring Loss:	from statement or LINES 5,6 & 7		
34	Mortgages or Notes Payable in Less Than 1 Year:	Schedule L, LINE 16, Column d	()	()
35	Non-Deductible Travel and Entertainment Exclusion:	Schedule M-1, LINE 4b	()	()
SUBTOTAL			\$ -	\$ -
36	Multiplied by Ownership Percentage			
Partner's Total Share of Income (Loss)			\$ -	\$ -

Notes

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2024, or tax year

beginning ending

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

2024

Final K-1

Amended K-1

651123
OMB No. 1545-0123

Part I Information About the Partnership

A Partnership's employer identification number
00-0000000

B Partnership's name, address, city, state, and ZIP code
HIDE AWAY STORAGE
42 WILLOW BLVD
JACKSON, TN 38305

C IRS center where partnership filed return:

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
000-00-0000

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
JAMES JOHNSON
1750 PROSPERITY DRIVE
JACKSON, TN 38305

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN Name

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here. ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	25 %	25 %
Loss	25 %	25 %
Capital	25 %	25 %

Check if decrease is due to:
☐ Sale or ☐ Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse \$		\$
Qualified nonrecourse financing \$		\$
Recourse \$		\$

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships ☐

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions ☐

L **Partner's Capital Account Analysis**

Beginning capital account \$

Capital contributed during the year . . . \$

Current year net income (loss) \$

Other increase (decrease) (attach explanation) \$

Withdrawals and distributions \$ ()

Ending capital account \$

M Did the partner contribute property with a built-in gain (loss)?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N **Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)**

Beginning \$

Ending \$

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

1	Ordinary business income (loss)	14	Self-employment earnings (loss)
	-2,000		-3,800
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
	10,000		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
	10,000		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents	C	625
7	Royalties		STMT
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)	A	8,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		

*See attached statement for additional information.

For IRS Use Only

U.S. Return of Partnership Income

OMB No. 1545-0123

For calendar year 2024, or tax year beginning _____, 2024, ending _____, 20_____.
Go to **www.irs.gov/Form1065** for instructions and the latest information.

2024

A Principal business activity	Type or Print	Name of partnership HIDE AWAY STORAGE	D Employer identification number 00-0000000
B Principal product or service		Number, street, and room or suite no. If a P.O. box, see instructions. 42 WILLOW BLVD	E Date business started 01/15/2019
C Business code number		City or town, state or province, country, and ZIP or foreign postal code JACKSON, TN 38305	F Total assets (see instructions) \$ 347,300

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify): _____
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year: 4
J Check if Schedules C and M-3 are attached. _____
K Check if partnership: (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 23 below. See instructions for more information.

Income	1a Gross receipts or sales	100,500	b Less returns and allowances		c Balance	1c	100,500
	2 Cost of goods sold (attach Form 1125-A).					2	
	3 Gross profit. Subtract line 2 from line 1c					3	100,500
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement).					4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040)).					5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					6	40,000
	7 Other income (loss) (attach statement)					7	
	8 Total income (loss). Combine lines 3 through 7					8	140,500
Deductions (see instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)					9	55,000
	10 Guaranteed payments to partners.					10	40,000
	11 Repairs and maintenance					11	
	12 Bad debts					12	13,000
	13 Rent					13	
	14 Taxes and licenses					14	
	15 Interest (see instructions)					15	1,000
	16a Depreciation (if required, attach Form 4562).		16a	16,000			
	b Less depreciation reported on Form 1125-A and elsewhere on return		16b			16c	16,000
	17 Depletion (Do not deduct oil and gas depletion.)					17	
	18 Retirement plans, etc.					18	
	19 Employee benefit programs SEE STATEMENT					19	21,000
20 Energy efficient commercial buildings deduction (attach Form 7205)					20		
21 Other deductions (attach statement)					21	2,500	
22 Total deductions. Add the amounts shown in the far right column for lines 9 through 21					22	148,500	
23 Ordinary business income (loss). Subtract line 22 from line 8					23	-8,000	
Tax and Payment	24 Interest due under the look-back method - completed long-term contracts (attach Form 8697).					24	
	25 Interest due under the look-back method - income forecast method (attach Form 8866)					25	
	26 BBA AAR imputed underpayment (see instructions)					26	
	27 Other taxes (see instructions)					27	
	28 Total balance due. Add lines 24 through 27					28	
	29 Elective payment election amount from Form 3800					29	
	30 Payment (see instructions).					30	
	31 Amount owed. If the sum of line 29 and line 30 is smaller than line 28, enter amount owed					31	
	32 Overpayment. If the sum of line 29 and line 30 is larger than line 28, enter overpayment					32	

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 partner or limited liability company member) is based on all information of which preparer has any knowledge.

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 <input type="checkbox"/> if self-employed	PTIN
	Firm's name	V.I.P. TAX INC.			Firm's EIN
	Firm's address	3 PEACHTREE LANE JACKSON, TN 38305			00-0000000 Phone no.

For Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2024)

Form **4797**Department of the Treasury
Internal Revenue Service**Sales of Business Property**
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Attach to your tax return.

Go to www.irs.gov/Form4797 for instructions and the latest information.

OMB No. 1545-0184

2024Attachment
Sequence No. **27**

Name(s) shown on return

HIDE AWAY STORAGE

Identifying number

00-0000000

- 1a** Enter the gross proceeds from sales or exchanges reported to you for 2024 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions
- b** Enter the total amount of gain that you are including on lines 2, 10, and 24 due to the partial dispositions of MACRS assets
- c** Enter the total amount of loss that you are including on lines 2 and 10 due to the partial dispositions of MACRS assets

1a**1b****1c****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year** (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
3	Gain, if any, from Form 4684, line 39						3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37						4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5
6	Gain, if any, from line 32, from other than casualty or theft						6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows. Partnerships and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120-S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						7
8	Nonrecaptured net section 1231 losses from prior years. See instructions						8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions						9

Part II Ordinary Gains and Losses (see instructions)**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

DUMP TRUCKS	8/20/2023	5/25/2024	72,000	8,000	40,000	40,000

11	Loss, if any, from line 7	11	()
12	Gain, if any, from line 7 or amount from line 8, if applicable.	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	40,000
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below.		
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the loss from income-producing property on Schedule A (Form 1040), line 16. (Do not include any loss on property used as an employee.) Identify as from "Form 4797, line 18a." See instructions		
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Schedule 1 (Form 1040), Part I, line 4		

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2024)

Analysis of Net Income (Loss) per Return

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13e, and 21					1	32,000
2	Analysis by partner type:						
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a	General partners						
b	Limited partners						

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		7,500		NONE
2a	Trade notes and accounts receivable	60,000		67,500	
b	Less allowance for bad debts	16,000	44,000	8,000	59,500
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans		31,000		21,000
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	395,000		408,000	
b	Less accumulated depreciation	131,200	263,800	141,200	266,800
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		346,300		347,300
Liabilities and Capital					
15	Accounts payable		16,340		27,840
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		123,460		117,460
20	Other liabilities (attach statement)				
21	Partners' capital accounts		206,500		202,000
22	Total liabilities and capital		346,300		347,300

Schedule M-1 Reconciliation of Income (Loss) per Books With Analysis of Net Income (Loss) per Return

Note: The partnership may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	-44,500	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)	40,000	7	Deductions included on Schedule K, lines 1 through 13e, and 21, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13e, and 21 (itemize):		a	Depreciation \$	6,000
a	Depreciation \$				6,000
b	Travel and entertainment \$	2,500	8	Add lines 6 and 7	6,000
5	Add lines 1 through 4	-2,000	9	Income (loss) (Analysis of Net Income (Loss) per Return, line 1). Subtract line 8 from line 5	-8,000

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	206,500	6	Distributions: a Cash	
2	Capital contributed: a Cash	40,000	b Property		
	b Property		7	Other decreases (itemize):	
3	Net income (loss) (see instructions)	-44,500	8	Add lines 6 and 7	
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	202,000
5	Add lines 1 through 4	202,000			

Form 1065, Page 1 Detail

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Line 21 - Other deductions

Meals and entertainment	2,500

Total	2,500
	=====

Form 1065, Page 5 Detail

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Line 18c - Nondeductible Expenses

Meals and Entertainment	2,500

Total	2,500
	=====

Partnership Cash Flow

Evaluate business income as required by your investor.

	PARTNERSHIP	Name:	2024	2023
SCHEDULE K-1				
24	Ordinary Income (Loss):	LINE 1 If > Distributions see additional requirements.		
25	Net Rental Income (Loss):	LINES 2 & 3 If > Distributions see additional requirements.		
26	Guaranteed Payments:	LINE 4c		
SUBTOTAL			\$ -	\$ -
FORM W-2				
27	Wages:	W-2, Box 5 (in general)		
FORM 1065				
28	Passthrough (Income) Loss from Other Partnerships:	LINE 4		
29	Deduct nonrecurring income:	LINES 5, 6 & 7	()	()
30	Depreciation:	LINE 16c		
31	Depreciation (FORM 8825):	LINE 14		
32	Depletion:	LINE 17		
33	Amortization/Casualty Loss/Nonrecurring Loss:	from statement or LINES 5,6 & 7		
34	Mortgages or Notes Payable in Less Than 1 Year:	Schedule L, LINE 16, Column d	()	()
35	Non-Deductible Travel and Entertainment Exclusion:	Schedule M-1, LINE 4b	()	()
SUBTOTAL			\$ -	\$ -
36	Multiplied by Ownership Percentage			
Partner's Total Share of Income (Loss)			\$ -	\$ -

Notes

Schedule K-1
(Form 1065)

2024

651123

Department of the Treasury
Internal Revenue Service

For calendar year 2024, or tax year

beginning

ending

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

Part I Information About the Partnership

A	Partnership's employer identification number
	00-0000000
B	Partnership's name, address, city, state, and ZIP code
	EQUITABLE PROPERTY GROUP, LLC
	1750 PROSPERITY DRIVE
	JACKSON, TN 38305
C	IRS center where partnership filed return:
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E	Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)												
	000-00-0001												
F	Name, address, city, state, and ZIP code for partner entered in E. See instructions.												
	JESSICA JOHNSON												
	1750 PROSPERITY DRIVE												
	JACKSON, TN 38305												
G	<input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member												
H1	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
H2	<input type="checkbox"/> If the partner is a disregarded entity (DE), enter the partner's:												
	TIN _____ Name _____												
I1	What type of entity is this partner? <u>INDIVIDUAL</u>												
I2	If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here. <input type="checkbox"/>												
J	Partner's share of profit, loss, and capital (see instructions):												
	<table><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Profit</td><td>50 %</td><td>50 %</td></tr><tr><td>Loss</td><td>50 %</td><td>50 %</td></tr><tr><td>Capital</td><td>50 %</td><td>50 %</td></tr></tbody></table>		Beginning	Ending	Profit	50 %	50 %	Loss	50 %	50 %	Capital	50 %	50 %
	Beginning	Ending											
Profit	50 %	50 %											
Loss	50 %	50 %											
Capital	50 %	50 %											
	Check if decrease is due to:												
	<input type="checkbox"/> Sale or <input type="checkbox"/> Exchange of partnership interest. See instructions.												
K1	Partner's share of liabilities:												
	<table><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Nonrecourse \$</td><td></td><td>\$</td></tr><tr><td>Qualified nonrecourse financing \$</td><td></td><td>\$</td></tr><tr><td>Recourse \$</td><td></td><td>\$</td></tr></tbody></table>		Beginning	Ending	Nonrecourse \$		\$	Qualified nonrecourse financing \$		\$	Recourse \$		\$
	Beginning	Ending											
Nonrecourse \$		\$											
Qualified nonrecourse financing \$		\$											
Recourse \$		\$											
K2	Check this box if item K1 includes liability amounts from lower-tier partnerships <input type="checkbox"/>												
K3	Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions <input type="checkbox"/>												

L	Partner's Capital Account Analysis
	Beginning capital account \$ _____
	Capital contributed during the year . . . \$ _____
	Current year net income (loss) \$ _____
	Other increase (decrease) (attach explanation) \$ _____
	Withdrawals and distributions \$ (_____)
	Ending capital account \$ _____
M	Did the partner contribute property with a built-in gain (loss)?
	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach statement. See instructions.
N	Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)
	Beginning \$ _____
	Ending \$ _____

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123

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

1	Ordinary business income (loss)	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
	26,000		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)	A	26,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		

*See attached statement for additional information.

For IRS Use Only

Analysis of Net Income (Loss) per Return

1	Net income (loss). Combine Schedule K, lines 4 through 14. From the result, subtract the sum of:
2	Schedule K Partners' Distributive Share Items
	Total amount

a	Form 1065 (2024)	Page 5
b	Schedule B Other Information (continued)	Yes No
Sc	Under the covered surrogate foreign corporation rules?	

1	Form 1065 (2024)	Page 3
2a	Schedule B Other Information (continued)	Yes No

3	Form 1065 (2024)	Page 2
4	Schedule B Other Information	

5	1065	U.S. Return of Partnership Income	OMB No. 1545-0123
6	Form	For calendar year 2024, or tax year beginning _____, 2024, ending _____, 20____.	2024
7a	Department of the Treasury	Go to www.irs.gov/Form1065 for instructions and the latest information.	
7b	Internal Revenue Service		
8	A Principal business activity	Name of partnership	D Employer identification number
9a	Enter	EQUITABLE PROPERTY GROUP, LLC	00-0000000
9b	Name		
10a	U.S. of PR	B Principal product or service	E Date business started
11	If the	Type	05/20/2018
12a	U.S. design	or	
13		1750 PROSPERITY DRIVE	
14		C Business code number	F Total assets (see instructions)
15		CITY OF JACKSON, TN 38305	\$
16			
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**Rental Real Estate Income and Expenses of a
Partnership or an S Corporation**

► Attach to Form 1065 or Form 1120S.
► Go to www.irs.gov/Form8825 for the latest information.

OMB No. 1545-0123

Name **EQUITABLE PROPERTY GROUP, LLC** Employer identification number **00-0000000**

1 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.

	Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
A	321 SUNSET VIEW MEMPHIS, TN 38111	1	365	0
B				
C				
D				

		Properties			
		A	B	C	D
2	Rental Real Estate Income Gross rents	2 67,200			
3	Rental Real Estate Expenses Advertising	3 700			
4	Auto and travel	4			
5	Cleaning and maintenance	5 600			
6	Commissions	6			
7	Insurance	7 1,100			
8	Legal and other professional fees	8			
9	Interest (see instructions)	9 5,800			
10	Repairs	10			
11	Taxes	11 4,200			
12	Utilities	12 400			
13	Wages and salaries	13			
14	Depreciation (see instructions)	14 2,400			
15	Other (list) ►	15			
16	Total expenses for each property. Add lines 3 through 15	16 15,200			
17	Income or (loss) from each property. Subtract line 16 from line 2	17 52,000			

18a Total gross rents. Add gross rents from line 2, columns A through H **18a** 67,200
b Total expenses. Add total expenses from line 16, columns A through H **18b** (15,200)

19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities **19**

20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) **20a**

b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed.

(1) Name

(2) Employer identification number

21 Net rental real estate income (loss). Combine lines 18a through 20a. Enter the result here and on: **21** 52,000

• Form 1065 or 1120S: Schedule K, line 2

For Paperwork Reduction Act Notice, see instructions.

Form **8825** (Rev. 11-2018)

S Corporation Cash Flow					
Evaluate business income as required by your investor.					
	S CORPORATION	Name:		2024	2023
SCHEDULE K-1					
37	Ordinary Income (Loss):	LINE 1	If > Distributions see additional requirements.		
38	Net Rental Income (Loss):	LINES 2 & 3	If > Distributions see additional requirements.		
SUBTOTAL				\$ -	\$ -
FORM W-2					
39	Wages:	W-2, Box 5	(in general)		
FORM 1120S					
40	Deduct nonrecurring income:	LINES 4 & 5		()	()
41	Depreciation:	LINE 14			
42	Depreciation (FORM 8825):	LINE 14			
43	Depletion:	LINE 15			
44	Amortization/Casualty Loss/Nonrecurring Loss:	from statement or LINES 4 & 5			
45	Mortgages or Notes Payable in Less Than 1 Year:	Schedule L, LINE 17, Column d		()	()
46	Non-Deductible Travel and Entertainment Exclusion:	Schedule M-1, LINE 3b		()	()
SUBTOTAL				\$ -	\$ -
47	Multiplied by Ownership Percentage				
Shareholder's Total Share of Income (Loss)				\$ -	\$ -

Notes

Liquidity Worksheet

Determine business liquidity by using tax return or interim balance sheet and entering the applicable line items below.

In general:

- Use the **Current Ratio** for a business that doesn't rely on inventory to generate its income (i.e., pest control company)
- Use the **Quick Ratio** for a business that relies heavily on inventory to generate its income (i.e., hardware store)
- See boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Typically, a result of 1.00 or greater for either ratio demonstrates adequate liquidity. However, it's important to use the most appropriate ratio based on how the business operates. Investor guidelines may vary and other liquidity methods may apply. FOLLOW INVESTOR GUIDELINES.

NOTE: If there are no business liabilities, results will reflect N/A, indicating adequate liquidity.

Business Name:	Completed by:	Date:	
-----------------------	----------------------	--------------	--

Schedule L - Assets		Input the Year(s):	
1	Cash: Line 1, Column d		
2	Trade notes and accounts receivable, less bad debt: Line 2b, Column d		
3	Inventories: Line 3, Column d		
4	Other: <input style="width: 300px;" type="text"/>		
5	Total Current Assets:	\$ -	\$ -

Schedule L - Liabilities			
6	Accounts Payable: Form 1120S Line 16/Form 1065 Line 15, Column d		
7	Mortgages, notes, bonds payable < 1 year: Form 1120S Line 17/Form 1065 Line 16, Column d		
8	Other current liabilities: Form 1120S Line 18/Form 1065 Line 17, Column d		
9	Total Current Liabilities:	\$ -	\$ -

Current Ratio			
	Total Current Assets: Row 5 - Assets above	\$ -	\$ -
	Total Current Liabilities: Row 9 - Liabilities above	\$ -	\$ -
	Current Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity	N/A	N/A

Quick Ratio			
	Cash, notes, accounts receivable (less bad debt) & other: Rows 1, 2 & 4 - Assets above	\$ -	\$ -
	Total Current Liabilities: Row 9 - Liabilities above	\$ -	\$ -
	Quick Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity	N/A	N/A

Click "+" on the left gray section of the worksheet to expand businesses as needed. Click "-" to collapse unused ones.

Business Name:	Completed by:	Date:	
Business Name:	Completed by:	Date:	

Comments / Notes (For a new line, hold Alt and press Enter)

Form 1120-S

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

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.

OMB No. 1545-0123

2024

For calendar year 2024 or tax year beginning

, 2024, ending

, 20

A S election effective date	Name J & J PROPERTY SOLUTIONS	D Employer identification number 00-0000000
B Business activity code number (see instructions)	TYPE OR PRINT Number, street, and room or suite no. If a P.O. box, see instructions. 2500 N EXECUTIVE DRIVE	E Date incorporated 09/01/2016
C Check if Sch. M-3 attached <input type="checkbox"/>	City or town, state or province, country, and ZIP or foreign postal code JACKSON, TN 38305	F Total assets (see instructions) \$ 374,620

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**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 22. See the instructions for more information.

Income	1a Gross receipts or sales	332,400	b Less returns and allowances	2,000	c Balance	1c	330,400
	2 Cost of goods sold (attach Form 1125-A)					2	146,000
	3 Gross profit. Subtract line 2 from line 1c.					3	184,400
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					4	
	5 Other income (loss) (see instructions - attach statement)	SEE STATEMENT				5	10,000
	6 Total income (loss). Add lines 3 through 5					6	194,400
Deductions (see instructions for limitations)	7 Compensation of officers (see instructions - attach Form 1125-E)					7	
	8 Salaries and wages (less employment credits)					8	26,000
	9 Repairs and maintenance					9	8,000
	10 Bad debts					10	
	11 Rents					11	
	12 Taxes and licenses					12	2,100
	13 Interest (see instructions)					13	2,900
	14 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)					14	13,500
	15 Depletion (do not deduct oil and gas depletion)					15	
	16 Advertising					16	
	17 Pension, profit-sharing, etc., plans					17	3,400
	18 Employee benefit programs					18	8,000
	19 Energy efficient commercial buildings deduction (attach Form 7205)					19	
	20 Other deductions (attach statement)	INSURANCE 7,500 AMORTIZATION 1,000				20	8,500
	21 Total deductions. Add lines 7 through 20					21	72,400
	22 Ordinary business income (loss). Subtract line 21 from line 6					22	122,000
Tax and Payments	23a Excess net passive income or LIFO recapture tax (see instructions)		23b		23c		
	b Tax from Schedule D (Form 1120-S)						
	c Add lines 23a and 23b (see instructions for additional taxes)						
	24a Current year's estimated tax payments and preceding year's overpayment credited to the current year		24b				
	b Tax deposited with Form 7004		24c				
	c Credit for federal tax paid on fuels (attach Form 4136)		24d				
	d Elective payment election amount from Form 3800						
	z Add lines 24a through 24d				24z		
	25 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>				25		
	26 Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed				26		
27 Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid				27			
28 Enter amount from line 27: Credited to 2025 estimated tax Refunded				28			

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 <input type="checkbox"/> if self-employed	PTIN
Firm's name V.I.P. TAX INC.				Firm's EIN 00-0000000
3 PEACHTREE LANE				
Firm's address JACKSON, TN 38305				Phone no.

For Paperwork Reduction Act Notice, see separate instructions.

Form 1120-S (2024)

Schedule B	Other Information (see instructions)

	Yes	No																									
1 Check accounting method: a <input type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____																											
2 See the instructions and enter the: a Business activity _____ b Product or service _____																											
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;"> <thead> <tr> <th style="width: 20%;">(i) Name of Corporation</th> <th style="width: 20%;">(ii) Employer Identification Number (if any)</th> <th style="width: 20%;">(iii) Country of Incorporation</th> <th style="width: 20%;">(iv) Percentage of Stock Owned</th> <th style="width: 40%;">(v) If Percentage in (iv) Is 100%, Enter the Date (if applicable) a Qualified Subchapter S Subsidiary Election Was Made</th> </tr> </thead> <tbody> <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> </tbody> </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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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital																							
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 <input type="checkbox"/> 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 \$30 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 , Limitation on Business Interest Expense Under Section 163(j).																											
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		
14 a	Did the corporation make any payments that would require it to file Form(s) 1099?		
b	If "Yes," did or will the corporation 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 \$ _____		
16	At any time during the tax year, did the corporation: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? See instructions		

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	122,000
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3 a Other gross rental income (loss) 3 a		
	b Expenses from other rental activities (attach statement) 3 b		
	c Other net rental income (loss). Subtract line 3b from line 3a 3 c		
	4 Interest income	4	2,400
	5 Dividends: a Ordinary dividends 5 a		
	b Qualified dividends 5 b		
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S))	7	
8 a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S))	8 a		
	b Collectibles (28%) gain (loss) 8 b		
	c Unrecaptured section 1250 gain (attach statement) 8 c		
9 Net section 1231 gain (loss) (attach Form 4797)	9		
10 Other income (loss) (see instructions) Type: _____	10		
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12 a Cash charitable contributions	12 a	
	b Noncash charitable contributions	12 b	
	c Investment interest expense	12 c	
	d Section 59(e)(2) expenditures Type: _____	12 d	
e Other deductions (see instructions) Type: _____	12 e		
Credits	13 a Low-income housing credit (section 42(j)(5))	13 a	
	b Low-income housing credit (other)	13 b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13 c	
	d Other rental real estate credits (see instructions) Type: _____	13 d	
	e Other rental credits (see instructions) Type: _____	13 e	
	f Biofuel producer credit (attach Form 6478)	13 f	
	g Other credits (see instructions) Type: _____	13 g	
Inter-national	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 <input type="checkbox"/>		
Alternative Minimum Tax (AMT Items)	15 a Post-1986 depreciation adjustment	15 a	
	b Adjusted gain or loss	15 b	
	c Depletion (other than oil and gas)	15 c	
	d Oil, gas, and geothermal properties - gross income	15 d	
	e Oil, gas, and geothermal properties - deductions	15 e	
	f Other AMT items (attach statement)	15 f	
Items Affecting Shareholder Basis	16 a Tax-exempt interest income	16 a	
	b Other tax-exempt income	16 b	
	c Nondeductible expenses	16 c	1,000
	d Distributions (attach statement if required) (see instructions)	16 d	60,000
	e Repayment of loans from shareholders	16 e	
	f Foreign taxes paid or accrued	16 f	

Schedule K		Shareholders' Pro Rata Share Items (continued)	Total amount	
Other Information	17 a	Investment income	17 a	2,400
	b	Investment expenses	17 b	
	c	Dividend distributions paid from accumulated earnings and profits	17 c	
	d	Other items and amounts (attach statement)		
Reconciliation	18	Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12e and 16f	18	124,400

Schedule L		Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)		
1	Cash		15,400		12,100		
2 a	Trade notes and accounts receivable . .	27,600		39,800			
b	Less allowance for bad debts . .	(2,760)	24,840	(10,980)	28,820		
3	Inventories		30,000		12,000		
4	U.S. government obligations . . .						
5	Tax-exempt securities (see instructions) .		6,000		6,000		
6	Other current assets (attach statement) .		15,000		0		
7	Loans to shareholders						
8	Mortgage and real estate loans . .						
9	Other investments (attach statement)		100,400		130,800		
10 a	Buildings and other depreciable assets .	190,000		232,800			
b	Less accumulated depreciation . .	(32,900)	157,100	(47,900)	184,900		
11 a	Depletable assets						
b	Less accumulated depletion . . .	()		()			
12	Land (net of any amortization) . .						
13 a	Intangible assets (amortizable only)						
b	Less accumulated amortization . .	()		()			
14	Other assets (attach statement) . .						
15	Total assets		348,740		374,620		
Liabilities and Shareholders' Equity							
16	Accounts payable		18,800		25,200		
17	Mortgages, notes, bonds payable in less than 1 year		22,000		20,400		
18	Other current liabilities (attach statement)		1,780		3,000		
19	Loans from shareholders						
20	Mortgages, notes, bonds payable in 1 year or more		119,100		78,660		
21	Other liabilities (attach statement) . .		13,100		10,000		
22	Capital stock		2,000		2,000		
23	Additional paid-in capital		50,000		50,000		
24	Retained earnings		121,960		185,360		
25	Adjustments to shareholders' equity (attach statement)						
26	Less cost of treasury stock	()		()			
27	Total liabilities and shareholders' equity .		348,740		374,620		

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	123,400	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 12e, and 16f (itemize):		6 Deductions included on Schedule K, lines 1 through 12e, and 16f, not charged against book income this year (itemize):	
a Depreciation \$ _____		a Depreciation \$ _____	
b Travel and entertainment \$ <u>1,000</u>	1,000	7 Add lines 5 and 6	
4 Add lines 1 through 3	124,400	8 Income (loss) (Schedule K, line 18). Subtract line 7 from line 4	124,400

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	121,960			
2 Ordinary income from page 1, line 22	122,000			
3 Other additions	2,400			
4 Loss from page 1, line 22	()			
5 Other reductions	(1,000)			()
6 Combine lines 1 through 5	245,360			
7 Distributions	60,000			
8 Balance at end of tax year. Subtract line 7 from line 6	185,360			

Form **1120-S** (2024)

Cost of Goods Sold**Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.**
Go to www.irs.gov/Form1125A for the latest information.

OMB No. 1545-0123

Name J & J PROPERTY SOLUTIONS		Employer identification number 00-0000000
1	Inventory at beginning of year	1 30,000
2	Purchases	2 141,000
3	Cost of labor	3
4	Additional section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6 171,000
7	Inventory at end of year	7 25,000
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.	8 146,000
9a Check all methods used for valuing closing inventory. See instructions. (i) <input checked="" type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market (iii) <input type="checkbox"/> Other (specify method used and attach explanation) _____ For certain small business taxpayers, alternative methods of accounting for inventories: (iv) <input type="checkbox"/> Non-incidental materials and supplies method (v) <input type="checkbox"/> AFS method (vi) <input type="checkbox"/> Non-AFS method		
b Check if there was a writedown of subnormal goods <input type="checkbox"/>		
c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). <input type="checkbox"/>		
d (i) If the LIFO inventory method was used for this tax year, enter amount of closing inventory figured under LIFO		9d(i) _____
(ii) If the LIFO inventory method was used for this tax year, enter amount of the closing LIFO Reserve		9d(ii) _____
e If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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, 2023, if filing Form 1125-A for a small business taxpayer that uses an alternative method of accounting for inventories, check the applicable box on line 9a(iv) through 9a(vi). See the instructions for line 9.**General Instructions****Purpose of Form**

Use Form 1125-A to figure 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(a).

If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for small business taxpayers.

A small business taxpayer can account for inventory by treating the inventory as non-incidental materials and supplies (line 9a(iv)), or conforming to its treatment of inventory in an applicable financial statement (as defined in section 451(b)(3)) (line 9a(v)). If it does not have an applicable financial statement, a small business taxpayer can use the method of accounting used in its books and records prepared according to its accounting procedures (line 9a(vi)).

See the discussion on small business taxpayers in the instructions for your tax return. Also see sections 448(c) and 471(c).

For additional guidance on methods of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on changing methods of accounting, see Form 3115, Application for Change in Accounting Method, and the Instructions for Form 3115.

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 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 and Pub. 225, Farmer's Tax Guide.

Line 5 - Other Income

Ordinary income from partnership - The Accounting House

10,000

Total

10,000

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2024, or tax year

beginning ending

Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

2024

Final K-1

Amended K-1

OMB No. 1545-0123

651123

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

1	Ordinary business income (loss)	14	Self-employment earnings (loss)
	10,000		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)	A	10,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	20	Other information
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	More than one activity for at-risk purposes*		
23	More than one activity for passive activity purposes*		

For IRS Use Only

*See attached statement for additional information.

Part I Information About the Partnership

A Partnership's employer identification number
98-7654321

B Partnership's name, address, city, state, and ZIP code
THE ACCOUNTING HOUSE
123 NEWHALL AVE
JACKSON, TN 38305

C IRS center where partnership filed return:

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
00-0000000

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.
J & J PROPERTY SOLUTIONS
2500 N EXECUTIVE DR
JACKSON, TN 38305

G General partner or LLC member-manager ☐ Limited partner or other LLC member ☒

H1 Domestic partner ☒ Foreign partner ☐

H2 If the partner is a disregarded entity (DE), enter the partner's:
TIN Name

I1 What type of entity is this partner? S-CORP

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here.

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	20 %	20 %
Loss	20 %	20 %
Capital	20 %	20 %

Check if decrease is due to:
☐ Sale or ☐ Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse \$		\$
Qualified nonrecourse financing \$		\$
Recourse \$		\$

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships ☐

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions ☐

L Partner's Capital Account Analysis

Beginning capital account \$

Capital contributed during the year \$

Current year net income (loss) \$

Other increase (decrease) (attach explanation) \$

Withdrawals and distributions \$ ()

Ending capital account \$

M Did the partner contribute property with a built-in gain (loss)?
☐ Yes ☒ No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

Beginning \$

Ending \$

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

www.irs.gov/Form1065

Schedule K-1 (Form 1065) 2024

Schedule K-1
(Form 1065)

2023

651123

Department of the Treasury
Internal Revenue Service

For calendar year 2023, or tax year

beginning ending Partner's Share of Income, Deductions,
Credits, etc.

See separate instructions.

Part I Information About the Partnership

A	Partnership's employer identification number 98-7654321
B	Partnership's name, address, city, state, and ZIP code THE ACCOUNTING HOUSE 123 NEWHALL AVE JACKSON, TN 38305
C	IRS center where partnership filed return:
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E	Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.) 00-0000000												
F	Name, address, city, state, and ZIP code for partner entered in E. See instructions. J & J PROPERTY SOLUTIONS 2500 N EXECUTIVE DR JACKSON, TN 38305												
G	<input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member												
H1	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
H2	<input type="checkbox"/> If the partner is a disregarded entity (DE), enter the partner's: TIN _____ Name _____												
I1	What type of entity is this partner? <u>S-CORP</u>												
I2	If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here. <input type="checkbox"/>												
J	Partner's share of profit, loss, and capital (see instructions): <table><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Profit</td><td>20 %</td><td>20 %</td></tr><tr><td>Loss</td><td>20 %</td><td>20 %</td></tr><tr><td>Capital</td><td>20 %</td><td>20 %</td></tr></tbody></table> Check if decrease is due to: <input type="checkbox"/> Sale or <input type="checkbox"/> Exchange of partnership interest. See instructions.		Beginning	Ending	Profit	20 %	20 %	Loss	20 %	20 %	Capital	20 %	20 %
	Beginning	Ending											
Profit	20 %	20 %											
Loss	20 %	20 %											
Capital	20 %	20 %											
K1	Partner's share of liabilities: <table><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Nonrecourse \$</td><td></td><td>\$</td></tr><tr><td>Qualified nonrecourse financing \$</td><td></td><td>\$</td></tr><tr><td>Recourse \$</td><td></td><td>\$</td></tr></tbody></table>		Beginning	Ending	Nonrecourse \$		\$	Qualified nonrecourse financing \$		\$	Recourse \$		\$
	Beginning	Ending											
Nonrecourse \$		\$											
Qualified nonrecourse financing \$		\$											
Recourse \$		\$											
K2	Check this box if item K1 includes liability amounts from lower-tier partnerships <input type="checkbox"/>												
K3	Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions <input type="checkbox"/>												

L Partner's Capital Account Analysis

Beginning capital account \$ _____
Capital contributed during the year	.. \$ _____
Current year net income (loss) \$ _____
Other increase (decrease) (attach explanation)	\$ _____
Withdrawals and distributions \$ (_____)
Ending capital account \$ _____
M	Did the partner contribute property with a built-in gain (loss)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach statement. See instructions.
N	Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss) Beginning \$ _____ Ending \$ _____

☐ Final K-1☐ Amended K-1

OMB No. 1545-0123

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

1	Ordinary business income (loss) 8,000	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	19	Distributions A 8,000
9a	Net long-term capital gain (loss)		
9b	Collectibles (28%) gain (loss)	20	Other information
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		

*See attached statement for additional information.

For IRS Use Only

Corporation Cash Flow					
Evaluate business income as required by your investor.					
	CORPORATION	Name:	2024	2023	
FORM W-2					
48	Wages: W-2, Box 5 (in general)				
FORM 1120					
49	Taxable Income: LINE 30				
50	Total Tax: LINE 31	()	()
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9				
52	Deduct nonrecurring income: LINE 10	()	()
53	Depreciation: LINE 20				
54	Depletion: LINE 21				
55	Amortization/Casualty Loss/Nonrecurring Loss: from statement or LINES 8 & 9				
56	Net Operating Loss and Special Deductions: LINES 29a & b				
57	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	()	()
58	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 5c	()	()
SUBTOTAL		\$	-	\$	-
59	Multiplied by Ownership Percentage				
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5	()	()
Corporation's Total Share of Income (Loss)		\$	-	\$	-

Notes

22222		Void <input type="checkbox"/>	a Employee's social security number 000-00-0001		For Official Use Only ► OMB No. 1545-0008	
b Employer identification number (EIN) 00-0000000				1 Wages, tips, other compensation 60,000		2 Federal income tax withheld 15,000
c Employer's name, address, and ZIP code CREATIVE DESIGN CONCEPTS, INC. 1000 INNOVATIONS WAY JACKSON, TN 38301				3 Social security wages 74,500		4 Social security tax withheld 4,619
				5 Medicare wages and tips 74,500		6 Medicare tax withheld 1,080
				7 Social security tips		8 Allocated tips
d Control number				9		10 Dependent care benefits
e Employee's first name and initial JESSICA		Last name JOHNSON		Suff	11 Nonqualified plans	12a See instructions for box 12 D 14,500
f Employee's address and ZIP code 1750 PROSPERITY DRIVE JACKSON, TN 38305				13 Statutory employee Retirement plan Third-party sick pay		12b
				14 Other		12c
						12d
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	18 Local wages, tips, etc.	19 Local income tax
						20 Locality name

Form **W-2** Wage and Tax Statement

2024
0000/1062

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

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22222		Void <input type="checkbox"/>	a Employee's social security number 000-00-0001		For Official Use Only ► OMB No. 1545-0008	
b Employer identification number (EIN) 00-0000000				1 Wages, tips, other compensation 50,000		2 Federal income tax withheld 12,500
c Employer's name, address, and ZIP code CREATIVE DESIGN CONCEPTS, INC. 1000 INNOVATIONS WAY JACKSON, TN 38301				3 Social security wages 54,000		4 Social security tax withheld 3,348
				5 Medicare wages and tips 54,000		6 Medicare tax withheld 783
				7 Social security tips		8 Allocated tips
d Control number				9		10 Dependent care benefits
e Employee's first name and initial JESSICA		Last name JOHNSON		Suff	11 Nonqualified plans	12a See instructions for box 12 D 4,000
f Employee's address and ZIP code 1750 PROSPERITY DRIVE JACKSON, TN 38305				13 Statutory employee Retirement plan Third-party sick pay		12b
				14 Other		12c
						12d
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	18 Local wages, tips, etc.	19 Local income tax
						20 Locality name

Form **W-2** Wage and Tax Statement

2023
0000/1062

Department of the Treasury—Internal Revenue Service
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Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.

► Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125e.

OMB No. 1545-0123

Name _____

CREATIVE DESIGN CONCEPTS, INC.

Employer identification number	
--------------------------------	--

00-00000000

Note: Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.

(a) Name of officer	(b) Social security number (see instructions)	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 JESSICA JOHNSON	000-00-0001	100.0000 %	100.0000 %	%	74,500
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
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		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers				2	74,500
3 Compensation of officers claimed on Form 1125-A or elsewhere on return				3	
4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return				4	74,500

For Paperwork Reduction Act Notice, see separate instructions.

Form **1125-E** (Rev. 10-2016)

<div>Form 1120 Department of the Treasury Internal Revenue Service</div>		<div>U.S. Corporation Income Tax Return</div> <div>For calendar year 2024 or tax year beginning , ending , ending Go to www.irs.gov/Form1120 for instructions and the latest information.</div>				<div>OMB No. 1545-0123</div> <div>2024</div>	
<div>A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/></div>		<div>TYPE OR PRINT Name CREATIVE DESIGN CONCEPTS, INC. Number, street, and room or suite no. If a P.O. box, see instructions. 1000 INNOVATIONS WAY City or town, state or province, country, and ZIP or foreign postal code JACKSON, TN 38301</div>				<div>B Employer identification number 00-0000000 C Date incorporated 10/01/2017 D Total assets (see instructions) \$ 237,036</div>	
<div>E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change</div>							
Income	1a Gross receipts or sales.		1a 724,200				
	b Returns and allowances		1b				
	c Balance. Subtract line 1b from line 1a				1c 724,200		
	2 Cost of goods sold (attach Form 1125-A)				2 390,000		
	3 Gross profit. Subtract line 2 from line 1c				3 334,200		
	4 Dividends and inclusions (Schedule C, line 23)				4		
	5 Interest				5		
	6 Gross rents				6		
	7 Gross royalties				7		
	8 Capital gain net income (attach Schedule D (Form 1120))				8		
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				9		
10 Other income (see instructions - attach statement)				10			
11 Total income. Add lines 3 through 10				11 334,200			
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions - attach Form 1125-E)				12 74,500		
	13 Salaries and wages (less employment credits)				13 120,000		
	14 Repairs and maintenance				14		
	15 Bad debts				15		
	16 Rents				16 36,000		
	17 Taxes and licenses				17 2,400		
	18 Interest (see instructions)				18 7,200		
	19 Charitable contributions				19 10,000		
	20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)				20 9,000		
	21 Depletion				21		
	22 Advertising				22 10,000		
	23 Pension, profit-sharing, etc., plans				23 13,000		
	24 Employee benefit programs				24 18,000		
	25 Energy efficient commercial buildings deduction (attach Form 7205)				25		
	26 Other deductions (attach statement) SEE STATEMENT				26 2,800		
	27 Total deductions. Add lines 12 through 26				27 302,900		
	Tax, Refundable Credits, and Payments	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28 31,300	
29a Net operating loss deduction (see instructions)		29a					
b Special deductions (Schedule C, line 24)		29b					
c Add lines 29a and 29b				29c			
30 Taxable income. Subtract line 29c from line 28. See instructions				30 31,300			
31 Total tax (Schedule J, line 12)				31 6,570			
32 Reserved for future use				32			
33 Total payments and credits (Schedule J, line 23)				33 4,200			
34 Estimated tax penalty. See instructions. Check if Form 2220 is attached <input type="checkbox"/>				34			
35 Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed				35 2,370			
36 Overpayment. If line 33 is larger than the total of lines 31 and 34, enter amount overpaid				36			
37 Enter amount from line 36 you want: Credited to 2025 estimated tax Refunded				37			
Sign Here		<div>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.</div> <div>Signature of officer Date Title</div> <div>May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div>					
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date		
	Firm's name V.I.P. TAX INC.				Check <input type="checkbox"/> if self-employed PTIN		
	Firm's address 3 PEACHTREE LANE JACKSON, TN 38305				Firm's EIN 00-0000000 Phone no.		

Schedule C Dividends, Inclusions, and Special Deductions (see instructions)		(a) Dividends and inclusions	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		50	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		65	
3	Dividends on certain debt-financed stock of domestic and foreign corporations		See instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		23.3	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		26.7	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		50	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		65	
8	Dividends from wholly owned foreign subsidiaries		100	
9	Subtotal. Add lines 1 through 8. See instructions for limitations		See instructions	
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Foreign-source portion of dividends received from a specified 10%-owned foreign corporation (excluding hybrid dividends) (see instructions)		100	
14	Dividends from foreign corporations not included on line 3, 6, 7, 8, 11, 12, or 13 (including any hybrid dividends)			
15	Reserved for future use			
16a	Subpart F inclusions derived from the sale by a controlled foreign corporation (CFC) of the stock of a lower-tier foreign corporation treated as a dividend (attach Form(s) 5471) (see instructions)		100	
b	Subpart F inclusions derived from hybrid dividends of tiered corporations (attach Form(s) 5471) (see instructions)			
c	Other inclusions from CFCs under subpart F not included on line 16a, 16b, or 17 (attach Form(s) 5471) (see instructions)			
17	Global Intangible Low-Taxed Income (GILTI) (attach Form(s) 5471 and Form 8992)			
18	Gross-up for foreign taxes deemed paid			
19	IC-DISC and former DISC dividends not included on line 1, 2, or 3			
20	Other dividends			
21	Deduction for dividends paid on certain preferred stock of public utilities			
22	Section 250 deduction (attach Form 8993)			
23	Total dividends and inclusions. Add column (a), lines 9 through 20. Enter here and on page 1, line 4			
24	Total special deductions. Add column (c), lines 9 through 22. Enter here and on page 1, line 29b			

Schedule J Tax Computation and Payment (see instructions)

1a Income tax (see instructions)	1a	6,570	
b Tax from Form 1120-L (see instructions)	1b		
c Section 1291 tax from Form 8621	1c		
d Tax adjustment from Form 8978	1d		
e Additional tax under section 197(f)	1e		
f Base erosion minimum tax from Form 8991	1f		
g Amount from Form 4255, Part I, line 3, column (q)	1g		
z Other chapter 1 tax	1z		
2 Total income tax. Add lines 1a through 1z	2		6,570
3 Corporate alternative minimum tax from Form 4626, Part II, line 13 (attach Form 4626)	3		
4 Add lines 2 and 3	4		6,570
5a Foreign tax credit (attach Form 1118)	5a		
b Credit from Form 8834 (see instructions)	5b		
c General business credit (see instructions - attach Form 3800)	5c		
d Credit for prior year minimum tax (attach Form 8827)	5d		
e Bond credits from Form 8912	5e		
f Adjustment from Form 8978	5f		
6 Total credits. Add lines 5a through 5f	6		
7 Subtract line 6 from line 4	7		6,570
8 Personal holding company tax (attach Schedule PH (Form 1120))	8		
9a Amount from Form 4255, Part I, line 3, column (r)	9a		
b Recapture of low-income housing credit (attach Form 8611)	9b		
c Completed long-term contract look-back interest due (attach Form 8697)	9c		
d Interest due under the look-back method - income forecast method (attach Form 8866)	9d		
e Alternative tax on qualifying shipping activities (attach Form 8902)	9e		
f Interest/tax due under section 453A(c)	9f		
g Interest/tax due under section 453(l)	9g		
z Other (see instructions - attach statement)	9z		
10 Total. Add lines 9a through 9z	10		
11a Total tax before deferred taxes. Add lines 7, 8, and 10	11a	6,570	
b Deferred tax on the corporation's share of undistributed earnings of a qualified electing fund	11b		
c Deferred LIFO recapture tax (section 1363(d))	11c		
12 Total tax. Subtract the sum of lines 11b and 11c from 11a. Enter here and on page 1, line 31	12		6,570
13 Preceding year's overpayment credited to the current year	13		
14 Current year's estimated tax payments	14		4,200
15 Current year's refund applied for on Form 4466	15	()	
16 Reserved for future use	16		
17 Tax deposited with Form 7004	17		
18 Withholding (see instructions)	18		
19 Total payments. Combine lines 13 through 18	19		4,200
20 Refundable credits from:			
a Form 2439	20a		
b Form 4136	20b		
c Credit for tax withheld under Chapter 3 or 4 from Form 1042-S, Form 8805, or Form 8288 (attach the applicable form)	20c		
z Other (attach statement - see instructions)	20z		
21 Total credits. Add lines 20a through 20z	21		
22 Elective payment election amount from Form 3800	22		
23 Total payments and credits. Add lines 19, 21, and 22. Enter here and on page 1, line 33	23		4,200

Form **1120** (2024)

Schedule K Other Information (see instructions)

1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2 See the instructions and enter the:		
a Business activity code no. <u>541300</u>		
b Business activity <u>PROFESSIONAL AND TECHNICAL SERVICES</u>		
c Product or service <u>ARCHITECTURAL DESIGN</u>		
3 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation _____		X
4 At the end of the tax year:		
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G).	X	
5 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 voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851 , Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X

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

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.		X
--	--	---

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

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? See sections 301 and 316 If "Yes," file Form 5452 , Corporate Report of Nondividend Distributions. See the instructions for Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
7 At any time during this tax year, did one foreign person own, directly or indirectly, at least 25% of the total voting power of all classes of the corporation's stock entitled to vote or at least 25% of the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (a) Percentage owned _____ and (b) Owner's country _____ (c) The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached _____		X
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during this tax year \$ _____		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) _____		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here (see instructions) <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction reported on page 1, line 29a) \$ _____		

Form **1120** (2024)

Schedule K Other Information (continued from page 4)

	Yes	No
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year \$ _____		X
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement? See instructions If "Yes," complete and attach Schedule UTP.		
15 a Did the corporation make any payments that would require it to file Form(s) 1099?	X	
b If "Yes," did or will the corporation file required Form(s) 1099?	X	
16 During this tax year, did the corporation have an 80%-or-more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?		X
19 During the corporation's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code?		X
20 Is the corporation operating on a cooperative basis?		X
21 During this tax year, did the corporation pay or accrue any interest or royalty for which the deduction is not allowed under section 267A? See instructions If "Yes," enter the total amount of the disallowed deductions \$ _____		X
22 Does this corporation have gross receipts of at least \$500 million in any of the 3 preceding tax years? (See sections 59A(e)(2) and (3).) If "Yes," complete and attach Form 8991.		X
23 Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during this tax year? See instructions		X
24 Does the corporation satisfy one or more of the following? If "Yes," complete and attach Form 8990. See instructions.		X
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 \$30 million and the corporation has business interest expense.		
c The corporation is a tax shelter and the corporation has business interest expense.		
25 Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund? If "Yes," enter amount from Form 8996, line 15 \$ _____		X
26 Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties held directly or indirectly by the corporation, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the shareholders held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions Percentage: By Vote _____ By Value _____		X
27 At any time during this tax year, did the corporation (a) receive a digital asset (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? See instructions		X
28 Is the corporation a member of a controlled group? If "Yes," attach Schedule O (Form 1120). See instructions.		X
29 Corporate Alternative Minimum Tax:		
a Was the corporation an applicable corporation under section 59(k)(1) in any prior tax year? If "Yes," go to question 29b. If "No," skip to question 29c.		X
b Is the corporation an applicable corporation under section 59(k)(1) in the current tax year because the corporation was an applicable corporation in the prior tax year? If "Yes," complete and attach Form 4626. If "No," continue to question 29c.		
c Does the corporation meet the requirements of the safe harbor method as provided under section 59(k)(3)(A) for the current tax year? See instructions If "No," complete and attach Form 4626. If "Yes," the corporation is not required to file Form 4626.		
30 Is the corporation required to file Form 7208 relating to the excise tax on repurchase of corporate stock (see instructions):		
a Under the rules for stock repurchased by a covered corporation (or stock acquired by its specified affiliate)?		X
b Under the applicable foreign corporation rules?		X
c Under the covered surrogate foreign corporation rules? If "Yes" to either 30a, 30b, or 30c, complete Form 7208, Excise Tax on Repurchase of Corporate Stock. See the Instructions for Form 7208.		X
31 Is this a consolidated return with gross receipts or sales of \$1 billion or more and a subchapter K basis adjustment, as described in the instructions, of \$10 million or more? If "Yes," attach a statement. See instructions.		X

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		40,000		29,227
2a	Trade notes and accounts receivable . .	95,327		96,000	
b	Less allowance for bad debts	(NONE)	95,327	(15,000)	81,000
3	Inventories		40,000		25,000
4	U.S. government obligations				
5	Tax-exempt securities (see instructions) .				
6	Other current assets (attach statement) .		15,000		15,000
7	Loans to shareholders		3,000		3,000
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets . .	18,854		74,554	
b	Less accumulated depreciation	(5,345)	13,509	(11,345)	63,209
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		NONE		20,000
13a	Intangible assets (amortizable only) . .	3,400		3,400	
b	Less accumulated amortization	(1,600)	1,800	(2,800)	600
14	Other assets (attach statement)				
15	Total assets		208,636		237,036
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year		10,000		15,000
18	Other current liabilities (attach statement)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		12,363		15,963
21	Other liabilities (attach statement)				
22	Capital stock: a Preferred stock				
	b Common stock	30,000	30,000	30,000	30,000
23	Additional paid-in capital				
24	Retained earnings - Appropriated (attach statement)				
25	Retained earnings - Unappropriated . . .		156,273		176,073
26	Adjustments to shareholders' equity (attach statement)				
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity .		208,636		237,036

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	26,200	7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$ _____	
2	Federal income tax per books	5,500			
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize): _____		8	Deductions on this return not charged against book income this year (itemize): a Depreciation \$ 1,000 b Charitable contributions . \$ _____	
5	Expenses recorded on books this year not deducted on this return (itemize): a Depreciation \$ _____ b Charitable contributions . \$ _____ c Travel and entertainment . \$ 600				1,000
		600	9	Add lines 7 and 8	1,000
6	Add lines 1 through 5	32,300	10	Income (page 1, line 28) - line 6 less line 9	31,300

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

1	Balance at beginning of year	156,273	5	Distributions: a Cash	
2	Net income (loss) per books	26,200		b Stock	6,400
3	Other increases (itemize): _____			c Property	
			6	Other decreases (itemize): _____	
			7	Add lines 5 and 6	6,400
4	Add lines 1, 2, and 3	182,473	8	Balance at end of year (line 4 less line 7)	176,073

Line 26 - Other Deductions

Amortization	1,200
Meals	400
Travel & Lodging	<u>1,200</u>
Total	<u><u>2,800</u></u>

Profit and Loss Statement Analysis

MGIC

User tips for macro-free version:

- Add borrower information in blue-shaded fields
- Click “+” on the left gray section of the worksheet to expand businesses as needed
- See

12

 boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections
- Use all four columns to break down income into quarterly periods to show seasonality of business earnings

BORROWER NAME:

Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

CORPORATION				
Time Frame (i.e., YTD, quarterly):				
Date From:				
Date Paid Through:				
Taxable Income:				
Total Tax:	()	()	()	()
Deduct nonrecurring income:	()	()	()	()
Add nonrecurring loss:				
Depreciation:				
Depletion:				
Amortization/Casualty Loss:				
Other:				
SUBTOTAL	\$ -	\$ -	\$ -	\$ -
Multiplied by Ownership Percentage:				
Corporation's Total Share of Income (Loss):	\$ -	\$ -	\$ -	\$ -
Wages:				
Total Income:	\$ -	\$ -	\$ -	\$ -
Monthly Income:	\$ -	\$ -	\$ -	\$ -

Creative Design Concepts, Inc

Income Statement

Date: 3/31/25

Sales	\$195,000
Cost of goods sold	\$ 96,450
	<hr/>
Gross Profit	\$ 98,550
 Expenses	
Salaries	\$ 46,065
Employee benefits	\$ 6,276
Licenses	\$ 575
Travel and entertainment	\$ 125
Advertising	\$ 1,960
Amortization	\$ 300
Rents	\$ 10,500
Interest	\$ 1,824
Depreciation	\$ 2,225
Charity	\$ 2,500
Insurance	\$ 501
	<hr/>
Total Expenses	\$72,851
 Net Income	\$ 25,699
 Owner's Compensation	\$ 18,000
	<hr/>
NET PROFIT	\$ 7,699



Comparative Income Analysis Worksheet

Calculating trend ratios, which compare income statement accounts from one year to the next, is an effective way to analyze the profitability or growth of a business.

User tips for macro-free version:

- Select tax year(s) from business return and enter applicable line items
- Enter date of the YTD P&L; worksheet will automatically annualize
- YOY% Change automatically populates, eliminating need for manual calculations
- See ☐ ☐ ☐ boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

Business Name:	Sample Business	Date:		Annualization Date:	3/31/25
Completed by:					

	Select the Year(s): ➡	2023	2024	2025
Gross Receipt/Sales		\$ 655,320	\$ 724,200	\$ 195,000
Returns & Allowances				
Cost of Goods Sold		\$ 410,000	\$ 330,000	\$ 86,450
Total deductions/Total expenses		\$ 219,520	\$ 362,500	\$ 72,851
- Total deductions for Partnership, S Corporation or Corporation				
- Total expenses for Sole Proprietorship				
Taxable Income		\$ 25,800	\$ 31,300	\$ 7,600
- Ordinary Income (Loss) for Partnership/S Corporation				
- Taxable Income (Loss) for Corporation				
- Net Profit (Loss) for Sole Proprietorship				

Gross Receipts/Sales	\$	655,320		\$	724,200		\$	780,000	
% Change			+11%					+8%	
Gross Income	\$	655,320		\$	724,200		\$	780,000	
(Gross Receipts/Sales - Returns & Allowances)									
% Change			+11%					+8%	
Cost of Goods Sold (CGS)	\$	410,000		\$	330,000		\$	345,800	
% Change			-20%					+5%	
Expenses	\$	629,520	+96% *	\$	692,500	+96% *	\$	637,204	+82% *
(CGS + Total deductions/Total expenses)									
% Change			+10%					-8%	
Gross Profits	\$	245,320		\$	394,200		\$	434,200	
(Gross Receipts/Sales - Returns & Allowances - CGS)									
% Change			+61%					+10%	
Taxable Income	\$	25,800	+4% **	\$	31,300	+4% **	\$	30,400	+4% **
% Change			+21%					-3%	

*Annual % of Expenses compared to Gross Income **Annual % of Taxable Income compared to Gross Income



MGIC Worksheets



There are several resources available to help you calculate self-employed borrower cash flow or the net rental income from a rental property.

This module includes our:

- MGIC SAM Cash Flow Analysis Worksheet
- MGIC Liquidity Worksheet
- MGIC Comparative Income Analysis Worksheet
- MGIC Profit and Loss Statement Analysis Worksheet
- MGIC Rental Income Worksheet

Each year, we update our worksheets to reflect the most recent changes in the tax forms. Line-by-line navigation of each tax schedule makes them easy to follow.

The rationale behind whether you should add/deduct the amount of a line item to/from cash flow is universal. Once you've mastered the concepts, you can apply them to any worksheet (unless investor guidelines or company policy require you to use a certain one).

The Agencies and most investors have **no requirements** about which worksheet to use. However, they all require that you clearly show how you determined qualifying income. To view Fannie Mae forms, go to **fanniemae.com**. To view Freddie Mac forms, to go **freddiemac.com**.

You can access any or all of our editable, auto-calculating worksheets at **mgic.com/seb**.

Questions?

If you have questions about our Evaluating the Self-Employed Borrower program, contact your MGIC representative, **mgic.com/contact**.

Access the worksheets at mgic.com/seb

SAM Cash Flow Analysis Worksheet

MGIC

User tips for macro-free version:

- Add borrower information in blue-shaded fields
- Input the tax year(s) being reviewed
- Use Summary section on second tab to analyze income trends
- For negative entries, please type "-" prior to number
- For line instructions, hover over red triangles
- See [1 2](#) boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections
- For guidance, see [Help Document](#)
- To print several worksheets tabs into one PDF, hold down the Command or Control key and click on the tabs that should be included, then print the document

BORROWER NAME:

DATE:

Input the Year(s):

SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT		
1	Recurring Interest Income: LINE 1 or 1040 LINE 2b	
2	Recurring Dividend Income: LINE 5 or 1040 LINE 3b	
SUBTOTAL		\$ -

SCHEDULE C - SOLE PROPRIETORSHIP		
Name:		
4	Net Profit (Loss): LINE 31	
5	Deduct nonrecurring income: LINE 6	()
6	Depletion: LINE 12	
7	Depreciation: LINE 13	
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	()
9	Business Use of Home: LINE 30	
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	
11b	= Total Mileage Depreciation	
12	Amortization/Casualty Loss (only if noted): page 2, part V	
SUBTOTAL		\$ -

SCHEDULE C - SINGLE-MEMBER LLC		
Name:		
3	W-2 Income from Self-Employment: W-2, Box 5 (in general)	
4	Net Profit (Loss): LINE 31	
5	Deduct nonrecurring income: LINE 6	()
6	Depletion: LINE 12	
7	Depreciation: LINE 13	
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	()
9	Business Use of Home: LINE 30	
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles
11a	x Depreciation Rate 2024: \$0.30, 2023: \$0.28, 2022: \$0.26	
11b	= Total Mileage Depreciation	
12	Amortization/Casualty Loss (only if noted): page 2, part V	
SUBTOTAL		\$ -

SCHEDULE D - CAPITAL GAINS AND LOSSES		
13	Recurring Capital Gains (Loss): page 2, LINE 16 (details on FORM 8949)	
SUBTOTAL		\$ -

SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS		
14	Royalty Income (Loss): LINE 4	
15	Total Expenses: LINE 20	()
16	Depreciation Expense or Depletion: LINE 18	
SUBTOTAL		\$ -

Access the worksheets at mgic.com/seb

SCHEDULE F - FARM INCOME			
17	Net Profit (Loss): LINE 34		
18	Non-Tax Portion Ongoing Co-op & CCC Pmts: LINES 3a minus b through 6a minus b		
19	Add nonrecurring loss: LINE 2-8		
20	Deduct nonrecurring income: LINE 2-8	()	()
21	Depreciation: LINE 14		
22	Amortization/Casualty Loss/Depletion (only if noted): LINE 32		
23	Business Use of Home (only if noted): LINE 32		
SUBTOTAL		\$ -	\$ -

Partnership Cash Flow

Evaluate business income as required by your investor.

PARTNERSHIP		Name:		
SCHEDULE K-1				
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.			
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
26	Guaranteed Payments: LINE 4c			
SUBTOTAL		\$ -	\$ -	
FORM W-2				
27	Wages: W-2, Box 5 (in general)			
Page 1 of 3				
FORM 1065				
28	Passthrough (Income) Loss from Other Partnerships: LINE 4			
29	Deduct nonrecurring income: LINES 5, 6 & 7	()	()	
30	Depreciation: LINE 16c			
31	Depreciation (FORM 8825): LINE 14			
32	Depletion: LINE 17			
33	Amortization/Casualty Loss/Nonrecurring Loss: from statement or LINES 5, 6 & 7			
34	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 16, Column d	()	()	
35	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 4b	()	()	
SUBTOTAL		\$ -	\$ -	
36	Multiplied by Ownership Percentage			
Partner's Total Share of Income (Loss)		\$ -	\$ -	

S Corporation Cash Flow

Evaluate business income as required by your investor.

S CORPORATION		Name:		
SCHEDULE K-1				
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.			
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
SUBTOTAL		\$ -	\$ -	
FORM W-2				
39	Wages: W-2, Box 5 (in general)			
FORM 1120S				
40	Deduct nonrecurring income: LINES 4 & 5	()	()	
41	Depreciation: LINE 14			
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss/Nonrecurring Loss: from statement or LINES 4 & 5			
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	()	()	
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b	()	()	
SUBTOTAL		\$ -	\$ -	
47	Multiplied by Ownership Percentage			
Shareholder's Total Share of Income (Loss)		\$ -	\$ -	

MGIC SAM Cash Flow Analysis Worksheet

Corporation Cash Flow

Evaluate business income as required by your investor.

CORPORATION		Name:		
FORM W-2				
48	Wages: W-2, Box 5 (in general)			
FORM 1120				
49	Taxable Income: LINE 30			
50	Total Tax: LINE 31	()
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9			
52	Deduct nonrecurring income: LINE 10	()
53	Depreciation: LINE 20			
54	Depletion: LINE 21			
55	Amortization/Casualty Loss/Nonrecurring Loss: from statement or LINES 8 & 9			
56	Net Operating Loss and Special Deductions: LINES 29a & b			
57	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	()
58	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 5c	()
	SUBTOTAL	\$	-	\$ -
59	Multiplied by Ownership Percentage			
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5	()
Corporation's Total Share of Income (Loss)		\$	-	\$ -

Cash Flow Analysis Summary

MGIC

- To modify the Total No. of Months, select the applicable number from the # mo. drop-down box.
- To exclude a Subtotal from Qualifying Income, select the box to the left of the dollar amount.

Subtotal

☒ \$ 10,000.00

PERSONAL CASH FLOW SUBTOTALS:

		Subtotal	# mo.	Subtotal	# mo.	Qualifying Income	Total No. of Months
	Schedule B	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule C	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule C	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule C	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule C	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule D	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule E	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Schedule F	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24

PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:

	Schedule K-1	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	W-2 Wages	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Form 1065	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Partnership Subtotal	\$ -		\$ -		\$ -	

CORPORATION CASH FLOW SUBTOTALS:

	W-2 Wages	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Form 1120	<input type="checkbox"/> \$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
	Corporation Subtotal	\$ -		\$ -		\$ -	
	Average Monthly Cash Flow (Total)					\$ -	

Comments / Notes (For a new line, hold Alt and press Enter)

Access the worksheets at mgic.com/seb

Liquidity Worksheet



Determine business liquidity by using tax return or interim balance sheet and entering the applicable line items below.

In general:

- Use the **Current Ratio** for a business that doesn't rely on inventory to generate its income (i.e., pest control company)
- Use the **Quick Ratio** for a business that relies heavily on inventory to generate its income (i.e., hardware store)
- See ☐ ☐ boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Typically, a result of 1.00 or greater for either ratio demonstrates adequate liquidity. However, it's important to use the most appropriate ratio based on how the business operates. Investor guidelines may vary and other liquidity methods may apply. FOLLOW INVESTOR GUIDELINES.

NOTE: If there are no business liabilities, results will reflect N/A, indicating adequate liquidity.

Business Name:		Completed by:		Date:	
----------------	--	---------------	--	-------	--

Schedule L - Assets		Input the Year(s): <input type="button" value="➡"/>	
1	Cash: Line 1, Column d		
2	Trade notes and accounts receivable, less bad debt: Line 2b, Column d		
3	Inventories: Line 3, Column d		
4	Other: <input type="text"/>		
5	Total Current Assets:	\$ -	\$ -

Schedule L - Liabilities	
6	Accounts Payable: Form 1120S Line 16/Form 1065 Line 15, Column d
7	Mortgages, notes, bonds payable < 1 year: Form 1120S Line 17/Form 1065 Line 16, Column d
8	Other current liabilities: Form 1120S Line 18/Form 1065 Line 17, Column d
9	Total Current Liabilities:

Current Ratio	
Total Current Assets: Row 5 - Assets above	\$ -
Total Current Liabilities: Row 9 - Liabilities above	\$ -
Current Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity	N/A

Quick Ratio	
Cash, notes, accounts receivable (less bad debt) & other: Rows 1, 2 & 4 - Assets above	\$ -
Total Current Liabilities: Row 9 - Liabilities above	\$ -
Quick Ratio: In general, a ratio ≥ 1 demonstrates adequate liquidity	N/A

Click "+" on the left gray section of the worksheet to expand businesses as needed. Click "-" to collapse unused ones.

Business Name:		Completed by:		Date:	
Business Name:		Completed by:		Date:	

Comments / Notes (For a new line, hold Alt and press Enter)

Comparative Income Analysis Worksheet

Calculating trend ratios, which compare income statement accounts from one year to the next, is an effective way to analyze the profitability or growth of a business.

User tips for macro-free version:

- Select tax year(s) from business return and enter applicable line items
- Enter date of the YTD P&L; worksheet will automatically annualize
- YOY% Change automatically populates, eliminating need for manual calculations
- See boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

Business Name:

Date:

Completed by:

Select the Year(s):

Gross Receipt/Sales

Returns & Allowances

Cost of Goods Sold

Total deductions/Total expenses

- Total deductions for Partnership, S Corporation or Corporation

- Total expenses for Sole Proprietorship

Taxable Income

- Ordinary Income (Loss) for Partnership/S Corporation

- Taxable Income (Loss) for Corporation

- Net Profit (Loss) for Sole Proprietorship

Gross Receipts/Sales	\$	-		\$	-		\$	-	
% Change			-			-			-
Gross Income	\$	-		\$	-		\$	-	
(Gross Receipts/Sales - Returns & Allowances)									
% Change			-			-			-
Cost of Goods Sold (CGS)	\$	-		\$	-		\$	-	
% Change			-			-			-
Expenses	\$	-	n/a*	\$	-	n/a*	\$	-	n/a*
(CGS + Total deductions/Total expenses)									
% Change			-			-			-
Gross Profits	\$	-		\$	-		\$	-	
(Gross Receipts/Sales - Returns & Allowances - CGS)									
% Change			-			-			-
Taxable Income	\$	-	n/a**	\$	-	n/a**	\$	-	n/a**
% Change			-			-			-

*Annual % of Expenses compared to Gross Income **Annual % of Taxable Income compared to Gross Income

Click "+" on the left gray section of the worksheet to expand businesses as needed. Click "-" to collapse unused ones.

Comments / Notes (For a new line, hold Alt and press Enter)

Profit and Loss Statement Analysis



User tips for macro-free version:

- Add borrower information in blue-shaded fields
- Click "+" on the left gray section of the worksheet to expand businesses as needed
- See boxes on upper left corner. Use 1 to collapse sections and 2 to expand hidden sections
- Use all four columns to break down income into quarterly periods to show seasonality of business earnings

BORROWER NAME:

Sole Proprietorship Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

SOLE PROPRIETORSHIP									
Time Frame (i.e., YTD, quarterly):		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Date From:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Date Paid Through:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Net Profit (Loss):		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Deduct nonrecurring income:		(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)
Add nonrecurring loss:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Depletion:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Depreciation:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Amortization/Casualty Loss:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other: <input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Income:		\$	-	\$	-	\$	-	\$	-
Monthly Income:		\$	-	\$	-	\$	-	\$	-

SOLE PROPRIETORSHIP									
SOLE PROPRIETORSHIP									

Single-Member LLC Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

SINGLE-MEMBER LLC									
Time Frame (i.e., YTD, quarterly):		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Date From:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Date Paid Through:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Net Profit (Loss):		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Deduct nonrecurring income:		(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)	(<input type="text"/>)
Add nonrecurring loss:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Depletion:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Depreciation:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Amortization/Casualty Loss:		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other: <input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Income:		\$	-	\$	-	\$	-	\$	-
Monthly Income:		\$	-	\$	-	\$	-	\$	-

Access the worksheets at mgic.com/seb

MGIC Profit and Loss Statement Analysis Worksheet

Partnership Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

PARTNERSHIP				
Time Frame (i.e., YTD, quarterly):				
Date From:				
Date Paid Through:				
Net Income:				
Deduct nonrecurring income:	()	()	()	()
Add nonrecurring loss:				
Depreciation:				
Depletion:				
Amortization/Casualty Loss:				
Other:				
SUBTOTAL	\$ -	\$ -	\$ -	\$ -
Multiplied by Ownership Percentage:				
Partner's Share of Income (Loss):	\$ -	\$ -	\$ -	\$ -
Wages:				
Guaranteed Payments:				
Total Income:	\$ -	\$ -	\$ -	\$ -
Monthly Income:	\$ -	\$ -	\$ -	\$ -

S Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

S CORPORATION				
Time Frame (i.e., YTD, quarterly):				
Date From:				
Date Paid Through:				
Net Income:				
Deduct nonrecurring income:	()	()	()	()
Add nonrecurring loss:				
Depreciation:				
Depletion:				
Amortization/Casualty Loss:				
Other:				
SUBTOTAL	\$ -	\$ -	\$ -	\$ -
Multiplied by Ownership Percentage:				
Shareholder's Share of Income (Loss):	\$ -	\$ -	\$ -	\$ -
Wages:				
Total Income:	\$ -	\$ -	\$ -	\$ -
Monthly Income:	\$ -	\$ -	\$ -	\$ -

S CORPORATION				
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Access the worksheets at mgic.com/seb

Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

CORPORATION				
Time Frame (i.e., YTD, quarterly):				
Date From:				
Date Paid Through:				
Taxable Income:				
Total Tax:	()	()	()	()
Deduct nonrecurring income:	()	()	()	()
Add nonrecurring loss:				
Depreciation:				
Depletion:				
Amortization/Casualty Loss:				
Other:				
SUBTOTAL	\$ -	\$ -	\$ -	\$ -
Multiplied by Ownership Percentage:				
Corporation's Total Share of Income (Loss):	\$ -	\$ -	\$ -	\$ -
Wages:				
Total Income:	\$ -	\$ -	\$ -	\$ -
Monthly Income:	\$ -	\$ -	\$ -	\$ -

CORPORATION				
CORPORATION				

Comments / Notes (For a new line, hold Alt and press Enter)				



Rental Income Worksheet

Based on the usage of the property(ies), complete your rental analysis using Schedule E, Lease Agreement (or alternate), or Form 8825, as required by your investor.
(For Schedule E – Traditional Method complete rows 15-18 & 22).

Reset Workbook

In general, investors require analysis of the most recent tax year for net rental income (loss).
For your convenience, average monthly rental figures are provided.

BORROWER NAME: COMPLETED BY: DATE:
Input Year(s):

Before you can use the worksheet, you must make it a Trusted Document. [Click here for instructions.](#)

Primary Residence (2 - 4 unit)

☒ Schedule E

Property:

Rental Income (Loss) Calculation

1	Number of Months: Maximum 12		
2	Rents Received: Schedule E Line 3		
3	Total Expenses: Schedule E Line 20	(<input type="text"/>)	(<input type="text"/>)
4	Depreciation: Schedule E Line 18		
5	Taxes: Schedule E Line 16		
6	Mortgage Interest: Schedule E Lines 12 & 13		
7	Insurance: Schedule E Line 9		
8	Other: Amortization/Casualty Loss/HOA Dues, if applicable: Schedule E Line 19		
9	Annual Gross Rental Income (Loss)	\$ <input type="text"/> -	\$ <input type="text"/> -
10	Monthly Gross Rental Income (Loss) ⓘ	N/A	N/A
11	Average Monthly Gross Rental Income (Loss) _____ months		N/A

☒ Lease Agreement (or alternate)

Property:

Rental Income (Loss) Calculation

12	Gross Monthly Rent	<input type="text"/>
13	Vacancy Factor (25%) ⓘ	\$ <input type="text"/> -
14	Adjusted Monthly Rent ⓘ	\$ <input type="text"/> -

Investment Property

☒ Schedule E

Property:

Rental Income (Loss) Calculation

15	Number of Months: Maximum 12		
16	Rents Received: Schedule E Line 3		
17	Total Expenses: Schedule E Line 20	(<input type="text"/>)	(<input type="text"/>)
18	Depreciation: Schedule E Line 18		
19	Taxes: Schedule E Line 16		
20	Mortgage Interest: Schedule E Lines 12 & 13		
21	Insurance: Schedule E Line 9		
22	Other: Amortization/Casualty Loss/HOA Dues, if applicable: Schedule E Line 19		
23	Annual Gross Rental Income (Loss)	\$ <input type="text"/> -	\$ <input type="text"/> -
24	Monthly Gross Rental Income (Loss)	N/A	N/A
25	Monthly PITIA	(<input type="text"/>)	(<input type="text"/>)
26	NET Monthly Rental Income (Loss) ⓘ	N/A	N/A
27	Average NET Monthly Rental Income (Loss) _____ months		N/A

X		Lease Agreement (or alternate)	
		Property: <input type="text"/> + -	
Rental Income (Loss) Calculation			
28	Gross Monthly Rent	<input type="text"/>	
29	Vacancy Factor (25%) i	\$	-
30	Adjusted Monthly Rent	\$	-
31	Monthly PITIA	(<input type="text"/>)
32	NET Monthly Rental Income (Loss) i	\$	-

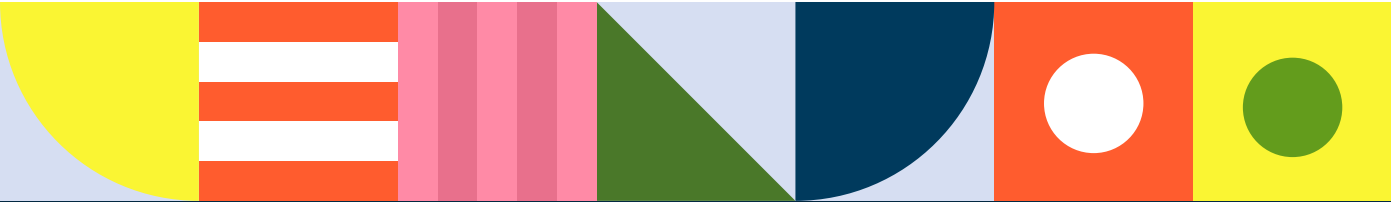
Business Rental			
X		Form 8825	
		Property: <input type="text"/> + -	
Rental Income (Loss) Calculation			
33	Number of Months: Maximum 12	<input type="text"/>	<input type="text"/>
34	Gross Rents: Form 8825 Line 2	<input type="text"/>	<input type="text"/>
35	Total Expenses: Form 8825 Line 16	(<input type="text"/>)	(<input type="text"/>)
36	Depreciation: Form 8825 Line 14	<input type="text"/>	<input type="text"/>
37	Taxes: Form 8825 Line 11	<input type="text"/>	<input type="text"/>
38	Interest: Form 8825 Line 9	<input type="text"/>	<input type="text"/>
39	Insurance: Form 8825 Line 7	<input type="text"/>	<input type="text"/>
40	Other: Amortization/Casualty Loss/HOA Dues, if applicable: Form 8825 Line 15	<input type="text"/>	<input type="text"/>
41	Annual Gross Rental Income (Loss)	\$ -	\$ -
42	Monthly Gross Rental Income (Loss)	N/A	N/A
43	Monthly PITIA	(<input type="text"/>)	(<input type="text"/>)
44	NET Monthly Rental Income (Loss) i	N/A	N/A
45	Average NET Monthly Rental Income (Loss) ____ months		N/A

X		Lease Agreement (or alternate)	
		Property: <input type="text"/> + -	
Rental Income (Loss) Calculation			
46	Gross Monthly Rent	<input type="text"/>	
47	Vacancy Factor (25%) i	\$	-
48	Adjusted Monthly Rent	\$	-
49	Monthly PITIA	(<input type="text"/>)
50	NET Monthly Rental Income (Loss) i	\$	-

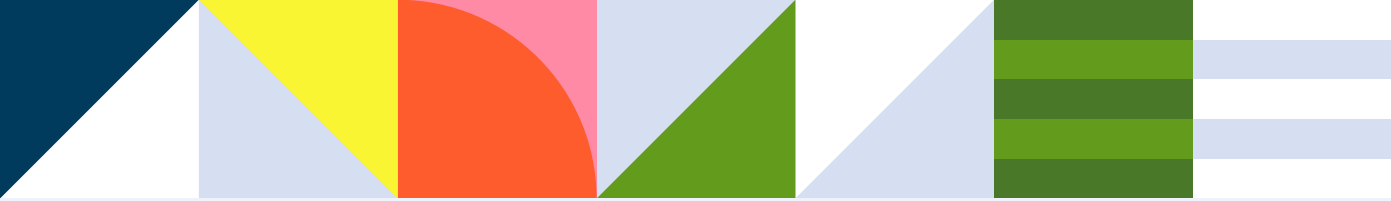
Comments / Notes (For a new line, hold Alt and press Enter)	
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Notes

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SAM Worksheet **Help Document**



The Schedule Analysis Method, or SAM, worksheet is used to calculate self-employed borrowers' cash flow.

This help resource provides line-by-line explanations for personal and business tax returns following the SAM cash flow method.

When you see the heading **Effect On Cash Flow Analysis Worksheet**, you'll find guidance as to whether you should add/deduct the amount of a line item to/from the borrower's cash flow.

Access the worksheets at mgic.com/seb

Schedule B: Interest and Ordinary Dividends from Self-Employment

Note: The borrower needs to complete Schedule B only if interest and dividend income is greater than \$1,500.

Line 1: List Name of Payer

Interest Income

Identify interest income paid to the borrower from the borrower's business. Review Schedule B, Part I and/or IRS Schedule K-1 or Form 1099-INT to confirm that the payer is the borrower's business.

Effect on Cash Flow Analysis Worksheet

- Add recurring interest income from self-employment

Line 5: List Name of Payer

Dividend Income

Identify dividend income paid to the borrower from the borrower's business. Review Schedule B, Part II and/or IRS Schedule K-1 or Form 1099-DIV to confirm that the payer is the borrower's business.

Effect on Cash Flow Analysis Worksheet

- Add recurring dividend income from self-employment

Schedule C: Profit or Loss From Business (Sole Proprietorship)

A sole proprietorship is a business with a single owner. Sole proprietorships report profit and loss on Schedule C. All profits from a sole proprietorship flow directly to the owner. The owner pays taxes on these profits.

Line 31: Net Profit or (Loss)

The amount the borrower has reported on this line is income or loss generated from business operations.

Effect on Cash Flow Analysis Worksheet

- Add recurring net profit/deduct net loss

Line 6: Other Income

This amount represents money the business received that was not obtained by the profits of the business, e.g., interest income from notes or accounts receivable, or income from miscellaneous receipts. Analyze this income to determine whether it's stable and recurring.

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income

Line 12: Depletion

Depletion, a noncash expense, is the exhaustion of a natural resource over a given period of time.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 13: Depreciation

Depreciation is a noncash expense allocated over the useful life of a declared asset.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 24b: Deductible Meals

These cash expenses relate to the cost of business-related meals. In general, borrowers deduct 50% of these out-of-pocket costs on the tax return, sometimes more depending upon their occupation. However, since the borrower paid 100% of the expense, subtract the difference from cash flow.

Effect on Cash Flow Analysis Worksheet

- Deduct the amount on Line 24b

Line 30: Expenses for Business Use of Your Home

An individual may operate a business out of the home for which tax deductions for a portion of rent, utilities or maintenance may be available.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Schedule C: Profit or Loss From Business (Page 2)

Part IV – Information on Your Vehicle

A sole proprietor who uses the standard mileage deduction to estimate vehicle expenses will calculate that expense either here or on Form 4562. The standard deduction includes an estimate for depreciation. Depreciation factors for the 3 most recent years are:

Year	Standard Deduction	Depreciation
1/1/22 through 6/30/22	58.5¢	26¢
7/1/22 through 12/31/22	62.5¢	26¢
2023	65.5¢	28¢
2024	67.0¢	30¢

Line 44a: Business Miles Driven

Effect on Cash Flow Analysis Worksheet

- Multiply the number of miles on Line 44a (or Line 30 of Form 4562) by the depreciation factor for the appropriate year. Add back the amount

Part V – Other Expenses

The borrower may list certain expenses here that are either noncash expenses or nonrecurring in nature.

Look for the following items:

Amortization

Amortization is the write-off of initial costs incurred prior to the beginning of formal business operations.

Borrowers can expense these one-time costs over a period of time.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Casualty Loss

Casualty loss is a one-time, extraordinary expense due to damage or destruction of property.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Schedule D: Capital Gains and Losses

Line 16: Capital Gains and Losses

The borrower reports total gains and losses on Line 16 of Schedule D. Review the itemized list of short- and long-term gains and compare one year's Schedule D to another's to determine whether the income or loss is recurring or not.

Capital Gains

If using capital gains as qualifying income, refer to investor guidelines for documentation and calculation. Typically, a minimum of 2 years' tax returns and evidence that the borrower will continue to acquire assets to generate capital gains is required.

Effect on Cash Flow Analysis Worksheet

- Add recurring capital gains

Capital Losses

Treatment of capital losses varies among investors.

Effect on Cash Flow Analysis Worksheet

- Follow investor guidelines

Note: Don't include pass-through income from the Schedule(s) K-1 that the borrower reported on Schedule D, Line 5 and Line 12.

Schedule E: Supplemental Income and Loss

If your borrower earns royalty income, look for the following line items.

Line 4: Royalties Received

Royalties are compensation paid for the use of another's property based on a percentage of profit or production. The "property" is typically copyrighted material or natural resources. If the borrower has listed royalty income, verify whether it's ongoing and consistent before you use it as qualifying income.

Effect on Cash Flow Analysis Worksheet

- Add recurring royalty income/deduct loss

Line 20: Total Expenses

Effect on Cash Flow Analysis Worksheet

- Deduct royalty expenses

Line 18: Depreciation Expense or Depletion

Depreciation is a noncash expense allocated over the useful life of a declared asset. Depletion, also a noncash expense, is the exhaustion of a natural resource over a given period of time.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Schedule F: Profit or Loss From Farming

Borrowers with small farming operations typically file Schedule F.

Line 34: Net Farm Profit or (Loss)

Effect on Cash Flow Analysis Worksheet

- Add recurring net profit/deduct net loss

Lines 3-6: Non-Tax Portion Ongoing Co-op & CCC Payments

These lines represent sources of cash flow that may or may not be continuous and ongoing. Don't include any of these items if they represent one-time occurrences. If you can document the income is likely to continue, include the nontaxable portion of this income in the borrower's cash flow.

Note: There may be rare instances where it would make sense to allow a nonrecurring item to remain in cash flow. Review these exceptions on a case-by-case basis.

Effect on Cash Flow Analysis Worksheet

- Deduct income that is nonrecurring and not consistent (Lines 3b, 4b, 5a, 5c, 6b, 6d); add back the nontaxable portion of recurring income (Lines 3a minus 3b, 4a minus 4b, 5b minus 5c, 6a minus 6b)

Line 8: Other Income

The borrower reports income not earned through farm operations.

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income/add nonrecurring loss

Line 14: Depreciation

Depreciation is a noncash expense allocated over the useful life of a declared asset.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 32: Other Expenses

The borrower reports amortization, business use of home, casualty loss and depletion here.

Effect on Cash Flow Analysis Worksheet

- Add back the amount of amortization, business use of home, casualty losses or depletion

Partnership Cash Flow (Form 1065)

A partnership is an arrangement between 2 or more individuals, generally governed by a partnership agreement.

Schedule K-1 (Form 1065)

The partnership prepares Schedule K-1 (Form 1065) to inform the individual partners of their share of income (loss), deductions and credits.

Line 1: Ordinary Business Income (Loss)

This represents the partner's allocated share of ordinary income or loss from the partnership. The partnership allocates portions of income, loss, deductions and credits earned by the business to its partners. Partners pay tax or take deductions on their personal returns for these "pass-through" items.

Because partners pay tax on income earned by the partnership, they are able to take distributions and withdrawals free of income tax consequences.

Effect on Cash Flow Analysis Worksheet

- Add ordinary income only if the partnership has positive sales and earnings trends, AND:
 - Schedule K-1s reflect a history of the borrower receiving cash distributions consistent with ordinary income. (Refer to Line 19, Distributions, for Code A cash distributions); OR
 - Schedule K-1s do not reflect a history of the borrower receiving cash distributions consistent with ordinary income:
 - But you can document adequate liquidity to support the withdrawal of earnings; OR
 - Limit the amount of qualifying income to the amount of distributions received
- In general, deduct any loss from cash flow. Follow investor guidelines

Lines 2 and 3: Net Rental Real Estate Income (Loss)

If the borrower has reported income or loss from rental real estate activity on this line, the Partnership Return will, in general, include Form 8825: Rental Real Estate Income and Expenses of a Partnership or an S Corporation.

Effect on Cash Flow Analysis Worksheet

- Add continuous and ongoing net rental real estate income if conditions from Line 1, Ordinary business income, are met
- In general, deduct any loss. Follow investor guidelines

Line 4c: Total Guaranteed Payments

This line displays total payments made to the partner for services rendered and/or for the use of capital. These payments are made without regard to the partnership's profits and are subject to self-employment tax.

Typically, document with 2 years' tax returns. Follow investor guidelines.

Effect on Cash Flow Analysis Worksheet

- Add guaranteed payments

Form W-2, Box 5

Identify W-2s that reflect wages paid to the borrower from the borrower's business. However, before you include any W-2 income from the business, you must consider the financial health of it.

In general, use Box 5 to locate wages from self-employment. However, in certain cases, after evaluating the source of income reported in Box 1, it may be appropriate to use the amount in Box 1. Follow investor guidelines.

Effect on Cash Flow Analysis Worksheet

- Add self-employed wages

Form 1065: U.S. Return of Partnership Income

Partnerships report profit or loss on Form 1065. The partnership itself does not pay tax. Partnership profit (loss) is passed to individual partners via Schedule K-1 (Form 1065). The partners pay tax on their proportionate share.

As you analyze cash flow from Form 1065, remember to add/deduct only the borrower's share of income/losses. The borrower's ownership percentage is on Schedule K-1 (Form 1065).

Using income from Form 1065 to qualify the borrower depends upon the viability of the business and the borrower's ability to access funds.

The first page of Form 1065 provides a picture of the business's income and expenses at a given point in time and is basically an income statement.

Line 4: Ordinary Income (Loss) from Other Partnerships, Estates, and Trusts

Partnerships can be partners in other partnerships. Income earned by a partnership waterfalls to its partners.

Effect on Cash Flow Analysis Worksheet

- To avoid double-counting this income, deduct the income/add back the loss

Lines 5-7: Income from Other Miscellaneous Sources

Analyze these lines to determine whether the income is stable and recurring.

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income

Line 16c: Depreciation

Depreciation is a noncash expense allocated over the useful life of a declared asset.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 17: Depletion

Depletion, a noncash expense, is the exhaustion of a natural resource over a given period of time.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 21: Other Deductions

Review the supporting statement for deductions for amortization and any one-time casualty losses.

Effect on Cash Flow Analysis Worksheet

- Add back amortization and/or casualty loss

Schedule L – Balance Sheets per Books

This section of Form 1065 provides a picture of the business's assets and liabilities and the owners' equity at the beginning and the end of the tax year.

Note: IRS guidelines do not require every business to complete Schedule L.

Schedule L, Line 16, Column D: Mortgages, Notes, Bonds Payable in Less Than 1 Year

Business obligations that are payable in less than 1 year may have a negative impact on cash flow.

Effect on Cash Flow Analysis Worksheet

- In general, deduct the amount in Column D; however, if you determine these obligations have a "rollover" clause or there are ample liquid assets to cover these obligations, a deduction may not be necessary

Schedule M-1 – Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Line 4b: Travel and Entertainment

Business-related expenses (travel, meals and entertainment) reported on Schedule M-1 have been excluded from taxable income.

Effect on Cash Flow Analysis Worksheet

- Deduct the amount on Line 4b, which reflects nondeductible expenses paid. Follow investor guidelines

S Corporation Cash Flow (Form 1120-S)

An S corporation is a legal entity with a limited number of shareholders.

Schedule K-1 (Form 1120-S)

S corporations prepare Schedule K-1 (Form 1120-S) to inform individual shareholders of their share of income (loss), deductions and credits.

Line 1: Ordinary Business Income (Loss)

This represents the shareholder's allocated share of ordinary income (loss) from the S corporation. The business allocates S corporation shareholders' portions of income, loss, deductions and credits earned. Shareholders pay tax or take deductions on their personal returns for these "pass-through" items.

Because shareholders pay tax on income earned by the S corporation, they are able to take distributions and withdrawals free of income tax consequences.

Effect on Cash Flow Analysis Worksheet

- Add ordinary income only if the S corporation has positive sales and earnings trends, AND:
 - Schedule K-1s reflect a history of the borrower receiving cash distributions consistent with ordinary income (refer to Line 16, Items affecting shareholder basis, for Code D cash distributions); OR
 - Schedule K-1s do not reflect a history of the borrower receiving cash distributions consistent with ordinary income:
 - But you can document adequate liquidity to support the withdrawal of earnings; OR
 - Limit the amount of qualifying income to the amount of distributions received
- In general, deduct any loss. Follow investor guidelines

Lines 2 and 3: Net Rental Real Estate Income (Loss)

If the borrower has reported income or loss from net rental real estate activity on this line, the S Corporation Return will generally include Form 8825: Rental Real Estate Income and Expenses of a Partnership or an S Corporation.

Effect on Cash Flow Analysis Worksheet

- Add continuous and ongoing net rental real estate income if conditions from Line 1, Ordinary business income, are met
- In general, deduct any loss. Follow investor guidelines

Form W-2, Box 5

Identify W-2s that reflect wages paid to the borrower from the borrower's business. However, before you include any W-2 income from the business, you must consider the financial health of it.

In general, use Box 5 to locate wages from self-employment. However, in certain cases, after evaluating the source of income reported in Box 1, it may be appropriate to use the amount in Box 1. Follow investor guidelines.

Effect on Cash Flow Analysis Worksheet

- Add self-employed wages

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

S corporations report profit or loss on Form 1120-S. The S corporation itself does not pay tax. S corporation profit (loss) is passed to individual shareholders via Schedule K-1 (1120-S). The shareholders pay tax on their proportionate share.

As you analyze cash flow from Form 1120-S, remember to add/deduct only the borrower's share of income/losses. The borrower's ownership percentage is on Schedule K-1 (Form 1120-S).

Using income from Form 1120-S to qualify the borrower depends upon the viability of the business and the borrower's ability to access funds.

The first page of Form 1120-S provides a picture of the business's income and expenses at a given point in time and is basically an income statement.

Lines 6 and 7: Income From Miscellaneous Sources

Analyze these lines to determine whether the income is stable and recurring.

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income

Line 16: Depreciation

Depreciation is a noncash expense allocated over the useful life of a declared asset.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 17: Depletion

Depletion, a noncash expense, is the exhaustion of a natural resource over a given period of time.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 20: Other Deductions

Review the supporting statement for deductions for amortization and any one-time casualty losses.

Effect on Cash Flow Analysis Worksheet

- Add back amortization and/or casualty loss

Schedule L – Balance Sheets per Books

This section of Form 1120-S provides a picture of the business's assets and liabilities and the owners' equity at the beginning and the end of the tax year.

Note: IRS guidelines do not require every business to complete Schedule L.

Line 17, Column D: Mortgages, Notes, Bonds Payable in Less Than 1 Year

Business obligations payable in less than 1 year may have a negative impact on cash flow.

Effect on Cash Flow Analysis Worksheet

- In general, deduct the amount in Column D; however, if you determine these obligations have a "rollover" clause or there are ample liquid assets to cover these obligations, a deduction may not be necessary

Schedule M-1 – Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Line 3b: Travel and Entertainment

Business-related expenses (travel, meals and entertainment) reported on Schedule M-1 have been excluded from taxable income.

Effect on Cash Flow Analysis Worksheet

- Deduct the amount on Line 3b, which reflects nondeductible expenses paid. Follow investor guidelines

Corporation Cash Flow (Form 1120)

A corporation is a legal entity, separate and distinct from its shareholders.

Form W-2, Box 5

Identify W-2s that reflect wages paid to the borrower from the borrower's business. However, before you include any W-2 income from the business, you must consider the financial health of it.

In general, use Box 5 to locate wages from self-employment. However, in certain cases, after evaluating the source of income reported in Box 1, it may be appropriate to use the amount in Box 1. Follow investor guidelines.

Effect on Cash Flow Analysis Worksheet

- Add self-employed wages

Form 1120: U.S. Corporation Income Tax Return

Corporations report profit (loss) on Form 1120. They are taxed on their profits. Corporate profit (loss) is distributed to shareholders in the form of dividends.

As you analyze cash flow from Form 1120, remember to add/ deduct only the borrower's share of income/losses. The borrower's ownership percentage is usually on Form 1125-E.

Using income from the 1120 to qualify the borrower depends upon the viability of the business and the borrower's ability to access funds.

The first page of Form 1120 provides a picture of the business's income and expenses at a given point in time and is basically an income statement.

Note: In order for corporate earnings to be eligible as qualifying income, investors generally require that the borrower is a 100% owner of the business.

Line 30: Taxable Income

The amount on this line represents the corporation's income after deductions but before income tax. This is the starting point of the analysis.

Effect on Cash Flow Analysis Worksheet

- Add taxable income

Line 31: Total Tax

Unlike partnerships and S corporations, regular corporations pay income tax. Deduct taxes before determining cash flow.

Effect on Cash Flow Analysis Worksheet

- Deduct the tax liability

Lines 8 and 9: Capital and Net Gains

Examine any capital and net gains (losses) listed on Page 1 of Form 1120, details of which are reported on Schedule D and Form 4797.

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring gains/add nonrecurring losses

Line 10: Other Income

Analyze this income to determine whether it's stable and recurring.

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income

Line 20: Depreciation

Depreciation is a noncash expense allocated over the useful life of a declared asset.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 21: Depletion

Depletion, a noncash expense, is the exhaustion of a natural resource over a given period of time.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Line 26: Other Deductions

Review the supporting statement for deductions for amortization and any one-time casualty losses.

Effect on Cash Flow Analysis Worksheet

- Add back amortization and/or casualty loss

Lines 29a and 29b: Net Operating Loss and Special Deductions

When a corporation sustains a loss in one year, it has the ability to offset income earned in future years.

In ensuing years, the corporation may include a previous year's loss on its corporate tax return, even though it might not have experienced the loss that year.

A corporation that receives dividend income may be able to take a deduction for a certain percentage of the amount it received. This deduction is a noncash expense.

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Schedule L – Balance Sheets per Books

This section of Form 1120 provides a picture of the business's assets and liabilities and the owners' equity at the beginning and the end of the tax year.

Note: IRS guidelines do not require every business to complete Schedule L.

Line 17, Column D: Mortgages, Notes, Bonds Payable in Less Than 1 Year

Business obligations payable in less than 1 year may have a negative impact on cash flow.

Effect on Cash Flow Analysis Worksheet

- In general, deduct the amount in Column D; however, if you determine these obligations have a "rollover" clause or there are ample liquid assets to cover these obligations, a deduction may not be necessary

Schedule M-1 – Reconciliation of Income (Loss) per Books With Income per Return

Line 5c: Travel and Entertainment

Business-related expenses (travel, meals and entertainment) reported on Schedule M-1 have been excluded from taxable income.

Effect on Cash Flow Analysis Worksheet

- Deduct the amount from Line 5c, which reflects nondeductible expenses paid. Follow investor guidelines

Schedule M-2 – Analysis of Unappropriated Retained Earnings per Books

Line 5b: Stock

Dividends paid to the borrower by the corporation as indicated on Schedule B of the 1040.

Effect on Cash Flow Analysis Worksheet

- Deduct dividends to avoid double-counting income from Schedule B



Rental Income Worksheet

Help Document



The Rental Worksheet Help Document provides line-by-line explanations for the Schedule E and assists with using our Rental Income Worksheet.

Access the worksheets at mgic.com/seb

Schedule E – Income or Loss from Rental Real Estate

If your borrower earns rental income, look for the following line items.

Note: Be sure to check each property listed on Schedule E against the borrower's Schedule of Real Estate Owned on the Loan Application. If the borrower no longer owns the property, exclude the income (loss) from that property from your analysis.

In general, you only need to analyze the most recent tax year for net rental income.

Schedule E – PITIA Calculation

Use the current PITIA (Principal, Interest, Taxes, Insurance and All other) for each rental property. Review Schedule E for numerous line item add-backs.

Follow investor guidelines.

Schedule E – Traditional Calculation

Do not use the current PITIA for each rental property. Review Schedule E for limited line item add-backs.

Follow investor guidelines.

Line 3: Rents Received

The amount the borrower reports on this line is income generated from rental real estate.

Effect on Rental Income Worksheet

- **PITIA or Traditional Calculation** – Add recurring rental income

Line 20: Total Expenses

The borrower reports total expenses associated with rental real estate.

Effect on Rental Income Worksheet

- **PITIA or Traditional Calculation** – Deduct recurring expenses

Line 18: Depreciation Expense or Depletion

Depreciation is a noncash expense allocated over the useful life of a declared asset. Depletion, a noncash expense, is the exhaustion of a natural resource over a given period of time.

In general, the borrower calculates the total depreciation deduction on Form 4562 and transfers the amount to Schedule E.

Effect on Rental Income Worksheet

- **PITIA or Traditional Calculation** – Add back the amount

Lines 9, 12, 13 and 16: Insurance, Mortgage Interest, Other Interest and Taxes

The borrower reports insurance, mortgage interest and tax expenses on these lines.

Effect on Rental Income Worksheet

- **PITIA Calculation** – Add back the amounts, regardless of whether the items are escrowed
- **Traditional Calculation:**
 - If **Investment Property**; make no adjustment
 - If **Primary Residence (2-4 unit)**; add back the amounts

Line 19: Other

The borrower may list certain expenses that are either noncash expenses (e.g., amortization) or nonrecurring in nature (e.g., casualty loss). In addition, homeowners association dues, which are recurring, may be listed here.

Effect on Rental Income Worksheet

- **PITIA Calculation** – Add back the amount already included in the current PITIA payment (i.e., HOA fees), any amortization and/or any casualty loss that can be documented as a one-time expense
- **Traditional Calculation** – Add back only amortization and/or casualty loss

Form 8825: Rental Real Estate Income and Expenses of a Partnership or an S Corporation

Partnerships and S Corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including taxable income (loss), which flow to the partner/shareholder through Schedule K-1.

To calculate income, use the Cash Flow Analysis Worksheet to add back depreciation the borrower reported.

When the borrower is personally obligated for related mortgage debt – as evidenced on a credit report – analyze Form 8825 using the Principal, Interest, Taxes, Insurance and All other (PITIA) method on the Rental Income Worksheet to offset the mortgage debt. Follow investor guidelines.

Use our Rental Income Worksheet to analyze which portion, if any, of the mortgage obligation needs to be included in the monthly DTI ratio.

Determining the qualifying impact of the mortgaged investment property PITIA expense

After cash flowing the property using the Rental Income Worksheet:

- If the result is negative, include this loss, not to exceed the monthly PITIA expense, in the DTI ratio
- If the result is positive, the full amount of the PITIA expense has been offset. Do not include it in the DTI ratio

Line 2: Gross Rents

The amount the business reports on this line is income generated from rental real estate.

Effect on Rental Income Worksheet

- **PITIA Calculation** – Add recurring rental income

Line 16: Total Expenses

The business reports total expenses associated with rental real estate.

Effect on Rental Income Worksheet

- **PITIA Calculation** – Deduct recurring expenses

Line 14: Depreciation

Depreciation is a noncash business expense allocated over the useful life of a declared asset.

In general, the borrower calculates the total depreciation deduction on Form 4562 and transfers the amount to Form 8825.

Effect on Rental Income Worksheet

- **PITIA Calculation** - Add back the amount

Effect on Cash Flow Analysis Worksheet

- Add back the amount

Lines 7, 9, 11: Insurance, Interest and Taxes

Effect on Rental Income Worksheet

- **PITIA Calculation** - Add back the amounts, regardless of whether items are escrowed or not

Line 15: Other

The borrower may report certain expenses that are either noncash expenses (e.g., amortization) or nonrecurring in nature (e.g., casualty loss). In addition, homeowners association dues, which are recurring, may be reported here.

Effect on Rental Income Worksheet

- **PITIA Calculation** - Add back the amount included in the current PITIA and any amortization and/or casualty loss

Notes

[illegible]



Additional Resources



Use the resources in this module to make your analysis easier.

Tax Forms & Schedules highlights the various forms and schedules that may be used to document income and deductions.

The **Documentation Matrix** provides a list of the documents you need from a self-employed borrower in order to conduct your analysis.

Sample Business Balance Sheet provides a financial snapshot of the business solvency or liquidity position.

The **Glossary of Terms and Definitions** – from Accounts Payable to Trademark – may help you develop a better understanding of the elements involved in business ownership.

Access the worksheets at mgic.com/seb

Tax Forms & Schedules

Borrowers may use a variety of tax forms and schedules to document their income and deductions.

Personal Income

- **Form 1040:** U.S. Individual Income Tax Return
- **Schedule 1:** Additional Income and Adjustments to Income
- **Schedule A:** Itemized Deductions
- **Schedule B:** Interest and Ordinary Dividends
- **Schedule C:** Profit or Loss From Business
- **Form 4562:** Depreciation and Amortization
- **Schedule D:** Capital Gains and Losses
- **Form 8949:** Sales and Other Dispositions of Capital Assets
- **Schedule E:** Supplemental Income and Loss
- **Form 8582:** Passive Activity Loss Limitations
- **Schedule F:** Profit or Loss From Farming

Note:





Form 1040-SR: U.S. Tax Return for Seniors – has the same line items as Form 1040, but it's formatted a bit differently. The form has a bigger font size to make the words easier to read. In addition, the form isn't shaded, and it prominently displays the standard deduction chart. Filers of Form 1040-SR are not required to be retired, but must be aged 65 or older. For purposes in this manual, references to Form 1040 U.S. Individual Income Tax Return also include Form 1040-SR.

Business Income

- **Schedule K-1 (Form 1065):** Partner's Share of Income, Deductions, Credits, etc., from Partnership Schedule
- **Form 1065:** U.S. Return of Partnership Income
- **Schedule K-1 (Form 1120-S):** Shareholder's Share of Income, Deductions, Credits, etc., from S Corporation
- **Form 1120-S:** U.S. Income Tax Return for an S Corporation
- **Form 8825:** Rental Real Estate Income and Expenses of a Partnership or an S Corporation
- **Form 1120:** U.S. Corporation Income Tax Return
- **Form 1125-E:** Compensation of Officers

Self-Employed Borrower Documentation Matrix

The following matrix identifies the documentation you need from self-employed borrowers to substantiate the various types of income they may receive from different business structures.

Required SEB Documentation	 Sole Proprietorship	 Partnership	 S Corporation	 Corporation
Form 1040: U.S. Individual Income Tax Return) with all applicable schedules and W-2s	✗	✗	✗	✗
Schedule C: Profit or Loss from Business	✗			
Schedule E, Part II: Income or Loss From Partnerships or S Corporations		✗	✗	
Schedule K-1 (Form 1065): Partner's Share of Income, Deductions, Credits, etc.		✗		
Form 1065: U.S. Return of Partnership Income with all applicable schedules		✗		
Schedule K-1 (Form 1120-S): Shareholder's Share of Income, Deductions, Credits, etc.			✗	
Form 1120-S: U.S. Income Tax Return for an S Corporation with all applicable schedules			✗	
Form 1120: U.S. Corporate Income Tax Return with all applicable schedules				✗
Year-to-Date Profit & Loss Statement/ Interim Balance Sheet: as applicable	✗	✗	✗	✗
Partnership Agreement: may be required		✗		
Corporate Resolution: may be required			✗	✗

A limited liability company (LLC) is a hybrid business and can file using the above IRS forms based on structure.

Sample Business Balance Sheet

Sample Business Balance Sheet

Date: _____

Assets

Current Assets

Cash	\$ 23,650	
California State municipal bond	6,000	
Accounts receivable	45,900	
Less allowance for bad debt	(4,590)	
US Bank Certificate of Deposit	17,400	
Inventory	73,195	
Total Current Assets		161,555

Fixed Assets

Building	190,000	
Less accumulated depreciation	(55,400)	
Total Fixed Assets		134,600

Other Assets

Investment in Maddox	128,500	
US Treasury Bill	5,000	
Total Other Assets		133,500

Total Assets		\$ 429,655
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Liabilities

Current Liabilities

Accounts payable	19,300	
Mortgage payable	21,850	
Credit card payable	3,610	
Total Current Liabilities		44,760

Other Liabilities

Mortgage payable	104,180	
Profit-sharing liability	8,450	
Total Other Liabilities		112,630

Total Liabilities		157,390
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Equity

Equity

Capital stock	2,000	
Additional paid-in capital	50,000	
Retained earnings	220,265	
Total Equity		272,265

Total Liabilities and Equity		\$ 429,655
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Glossary of Terms and Definitions

Accounts Payable

Amounts owed to creditors for items or services purchased from them

Accounts Receivable

Amounts due from customers for goods sold

Accrual Basis of Accounting

An accounting method that matches revenues and expenses incurred whether cash has been received or paid, i.e., revenues are recognized when sales are made or services performed even though cash has not yet been received. Expenses are recognized as incurred whether cash has been paid or not

Accrued Expenses Payable

Debts incurred but not yet paid, such as federal income tax or the current portion of long-term debt

Accumulated Retained Earnings

The after-tax earnings not distributed by the corporation to its stockholders. This money is put back into the business to conduct ongoing operations

Administrative Expenses

Overhead expenses incurred in the overall management of a business, including executive salaries, rent on administrative buildings and insurance

Amortization

The write-off of initial costs incurred by the borrower prior to the beginning of formal business operations. Examples of initial costs include survey fees, goodwill, trademarks, patents, copyrights, customer lists, non-compete agreements and prepayments. Borrowers can expense these one-time costs over a period of time

Assets

Items of value, owned and are measured in terms of money

Balance Sheet

Summarizes a business's assets, liabilities and owners' equity as of a specific date

Capital

Funds belonging to the owners of a business, invested with the expressed intention of remaining permanently in the business. Another source of capital is earnings retained by the business

Capital Gains and Losses

Gains and losses not related to the normal business activity; usually nonrecurring. For example, if a business sells some stock and loses money in the transaction, this would be considered a capital loss

Capitalization Expense

An accounting method that recognizes expenses as intangible assets to be annually expensed, such as organization expenses and research and development

Capital Stock

An account showing the interest or ownership in a business by its stockholders

Capital Surplus

The amount paid for stock over its par value

Cash

Money on hand, demand deposits, undeposited checks, drafts and money orders

Cash Basis of Accounting

An accounting method that recognizes revenues when cash is received and expenses when cash is paid

Cash Flow

Funds the borrower is going to use to repay the mortgage

Casualty Loss

A one-time extraordinary expense due to damage or destruction of property from an identifiable event that is sudden, unexpected or unusual, such as an earthquake, flood or hurricane

Chattel Property

Assets that have a short life span, such as furniture, cars and office equipment

Common Stock

Stock representing residual equity in a corporation. Common stockholders rank behind preferred stockholders for dividend payment and claims against assets in event of liquidation. If only 1 class of stock is issued, it is common stock

Corporation

A legal entity, separate and distinct from its shareholders. It can sue, be sued, hold/convey and receive property and enter into contracts under its own name

Cost of Goods Sold

The cost of the inventory used to produce the goods of the business

Cost of Sales

The costs the business incurs to provide its services

Current Assets

Assets that can be reasonably expected to convert to cash within 1 year of the date of the balance sheet

Current Liabilities

Debts due within 1 year from the date on the balance sheet

Current Portion of Long-term Debt

The portion of long-term debt (e.g., mortgage debt) due within 1 year from the date of the balance sheet

Deferred Charge

Debt incurred that will be paid in the future

Deferred Expenses

Expenses incurred that will be paid in the future

Depletion

The exhaustion of a natural resource such as oil, gas, standing timber or mineral deposits. The IRS allows a business that exhausts a natural resource in the course of normal operation to allocate the total costs of that natural resource over a given period of time

Depreciation

A noncash expense allocated over the useful life of a declared asset. The "expense" reflects a reasonable allowance for wear and tear of an asset. The depreciated asset wears out, becomes obsolete or gets used-up and eventually needs to be replaced

Dividend and Interest Income

Dividend and interest income is income earned from investments

Expenses

Costs incurred during a period of time from delivering or producing goods, rendering services, or carrying out other activities that constitute a business's ongoing operations

Federal Income Tax Payable

Debt due to the Internal Revenue Service

Fixed Assets

Long-term assets not intended for sale or easily converted to cash, e.g., buildings and equipment

General Administrative Expenses

Costs of doing business not directly related to the selling process

General Partnership

A business where at least 2 partners conduct business jointly and have unlimited liability (meaning their personal assets are liable for the partnership's debts). The partners pay tax on their proportionate share of the partnership income/loss

Goodwill

An intangible asset in a business balance sheet representing a premium paid at time of purchase for the business's management skill, know-how and favorable reputation with customers

Gross Income

Income derived from all sources before taxes

Income from Operations

Income a business receives as a result of ongoing business operations

Income Statement

Summarizes a business's revenues, costs and expenses over a period of time

Intangible Assets

Noncurrent, nonphysical assets of a business, such as goodwill, patents and trademarks

Intangible Drilling Costs

Costs incurred for the labor and equipment used in drilling; in general, discretionary expenses

Inventories

Items of tangible property that are (1) held for sale in the ordinary course of business, (2) in process of production for such sale or (3) to be used for producing goods or services that will be available for sale

Land

Ground upon which the buildings of an enterprise are located

Liabilities

Debts or obligations that usually have a known or determinable amount, maturity date and party to whom payment is to be made

Limited Liability Company (LLC)

A business that has the characteristics of both a partnership and a corporation. Its members participate in the management of the company without being personally liable for the debts of the company. The members pay tax on their proportionate share of the company income/loss. In some cases, an LLC may elect to be treated as a corporation and file Form 1120

Limited Partnership

A business where at least 1 general and 1 limited partner conduct business. The general partner typically controls daily operations and makes business decisions; the limited partner is silent but has a financial stake. The liability of the general partner is unlimited, whereas the liability of the limited partner is limited to their investment. The partners pay tax on their proportionate share of the partnership income/loss

Liquid Assets

Cash or those assets that are easily converted into cash, such as marketable securities

Long-Term Liabilities

Debts due more than 1 year from the date of the balance sheet

Machinery

Heavy equipment used in manufacturing a product or performing a service for a customer

Marketable Securities

Readily salable securities easily converted to cash

Modified Accelerated Cost Recovery System (MACRS)

A method of calculating depreciation with a larger portion of the asset expensed in the early years of its estimated useful life

Net Income After Taxes

Income remaining after provision for or payment of taxes

Net Income Before Taxes

Income before provision for taxes

Net Profit

Profit remaining after all expenses and charges have been deducted

Nonrecurring Expense

A one-time expense or loss. For example, a casualty loss is a one-time extraordinary expense due to damage or destruction of property from an identifiable event that is sudden, unexpected or unusual, such as an earthquake, flood or hurricane

Nonrecurring Income

Income from one-time events. Since you can't expect it to continue, you can't consider it as qualifying income toward cash flow. Examples include the sale of an asset or a prize or other windfall

Notes Payable

Written promises to pay sums of money at a future date, usually with interest at a specified rate

Other Assets

Assets that are intangible or are acquired for long-term rights and privileges

Other sources of income

Income the business receives not generated from normal business operations

Owners' Equity

The corporation's net worth (book value of the business) after subtracting liabilities from assets. It is the owners' interest in a corporation, consisting of capital and retained earnings

Preferred Stock

Stock that has certain preference rights over common stock as to dividends and claims against assets in the event of liquidation

Prepayments

Expenses paid before they are used or incurred, such as taxes and rent

Provision for Taxes

The expense provision for state and federal taxes

Real Property

Land and any property attached to land which cannot be moved, e.g., a rental home or commercial property

Recurring Expense

Ongoing expense associated with the day-to-day operation of a business. Examples include wages, insurance, car and truck expenses, etc.

Recurring Income

Ongoing income you can expect to continue for at least the next 3 years in order to consider it as qualifying income for cash flow. Examples of recurring income include earnings from the operation of a business, interest from long-term investments or even lottery winnings paid out over a number of years

Research and Development Costs

Costs of research and development, usually expensed at the time they are incurred

Retained Earnings

Net earnings not distributed by the corporation to its shareholders

Revenue

Capital flowing into the business. There are 2 types of revenue accounts: sales and other sources of income

S Corporation

A legal entity with a limited number of shareholders. Its shareholders participate in the management of the corporation without being personally liable for the debts of the corporation. The shareholders pay tax on their proportionate share of the corporate income/loss

Sales

The primary source of revenue a business receives for goods sold or services offered

Selling Expenses

Costs the business incurs in the process of selling and marketing its goods and/or services

Sole Proprietorship

A business with a single owner. It has no separation between the business entity and its owner

Straight-Line Method of Depreciation

A method to calculate depreciation that distributes the same dollar amount of depreciation to expense each period. For example, a \$10,000 car with a useful life of 10 years would depreciate by \$1,000 each year

Trademark

A symbol, design, brand name or any other indication of easy and ready recognition attributed to a product

[illegible]

Evaluating the
Self-Employed
Borrower and
Other Sources
of Income

2024 TAX YEAR



**mortgage guaranty
insurance corporation**

MGIC Plaza
Milwaukee, WI 53202
mgic.com

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