

The MGIC logo is positioned in the top right corner of the header. It consists of the letters "MGIC" in a white, bold, sans-serif font, set against a dark blue rectangular background. The header itself is a decorative banner with a quilted pattern of various colored squares and triangles in shades of blue, green, orange, pink, and yellow.

MGIC

Evaluating the Self-Employed Borrower

and other sources of income

2023 TAX YEAR

The footer area features a decorative pattern of colorful geometric shapes, including squares, triangles, and circles, in shades of blue, green, orange, pink, and yellow, mirroring the header's design.

Access the worksheets at mgic.com/worksheets

Evaluating the
Self-Employed
Borrower and
Other Sources
of Income

2023 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/worksheets

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

MGIC



Sole Proprietorship

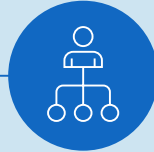
- An unincorporated business with one owner
- Unlimited liability
- All profits flow directly to owner
- Taxed at an individual rate
- **Individual:** Files IRS Schedule C
- **Business:** No returns are filed

Partnership



- A business arrangement between two 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/training/seb

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

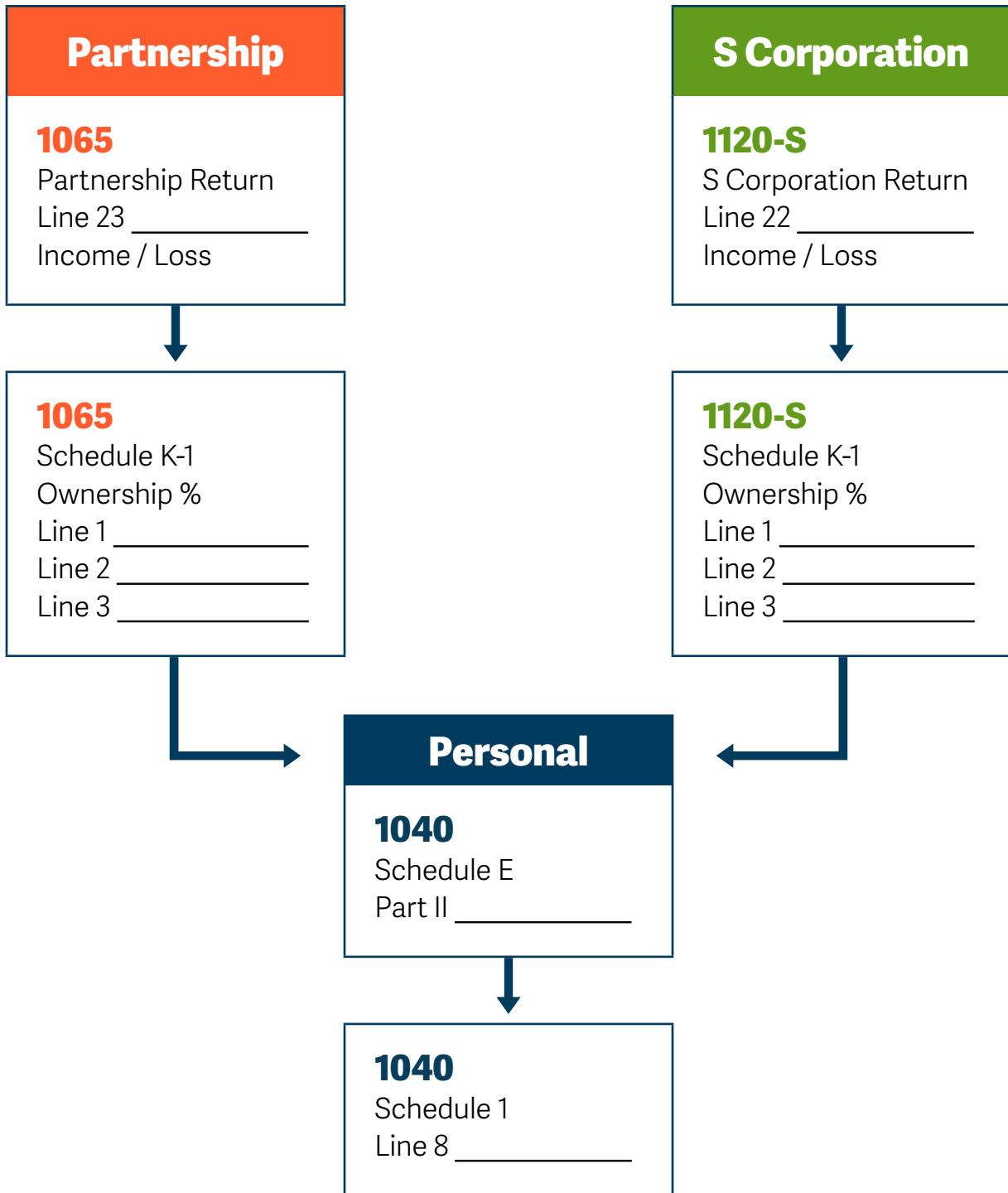
In general, add business income to the borrower's cash flow if:

- 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/worksheets

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 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		Social Security Number 000 - 00 - 0000 (or Individual Taxpayer Identification Number) 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: <input type="text"/> Each Borrower intends to apply for joint credit. Your initials: <input type="text"/>		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 <input type="text"/> 0 Ages <input type="text"/>	Contact Information Home Phone () - Cell Phone (731) 898 - 1234 Work Phone () - Ext. <input type="text"/> 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? 3 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) \$4932 <input checked="" type="radio"/> I have an ownership share of 25% or more.		

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? 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) \$5483 <input checked="" type="radio"/> I have an ownership share of 25% or more.		

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? 5 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) \$95.83 <input checked="" type="radio"/> I have an ownership share of 25% or more.		

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	Primary Residence	\$	\$	\$

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	Investment	\$	\$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	Investment	\$ 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 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 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
\$ 470,000	Retained	Investment	\$ 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 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	Social Security Number 000 - 00 - 0000 (or Individual Taxpayer Identification Number) 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: <input type="text"/> Each Borrower intends to apply for joint credit. Your initials: <input type="text"/>	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 <input type="text"/> 0 Ages <input type="text"/>
	Contact Information Home Phone () - Cell Phone (731) 898 - 5200 Work Phone () - Ext. <input type="text"/> Email JESSJOHNSON@ANYWHERE.COM
Current Address Street 1750 PROSPERITY DRIVE Unit # <input type="text"/> City JACKSON State TN ZIP 38305 Country <input type="text"/> 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 <input type="text"/> Unit # <input type="text"/> City <input type="text"/> State <input type="text"/> ZIP <input type="text"/> Country <input type="text"/> 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 <input type="text"/> Unit # <input type="text"/> City <input type="text"/> State <input type="text"/> ZIP <input type="text"/> Country <input type="text"/>	

1b. Current Employment/Self-Employment and Income <input type="checkbox"/> Does not apply	
Employer or Business Name CREATIVE DESIGN CONCEPTS Phone (731) 122 - 8544 Street 1000 INNOVATIONS WAY Unit # <input type="text"/> City JACKSON State TN ZIP 38301 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 10 / 01 / 2017 (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) \$5652 <input checked="" type="radio"/> I have an ownership share of 25% or more.	

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income <input type="checkbox"/> Does not apply	
Employer or Business Name EQUITABLE PROPERTY GROUP, LLC Phone (731) 122 - 8544 Street 1750 PROSPERITY DRIVE Unit # <input type="text"/> 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 05 / 20 / 2018 (mm/dd/yyyy) How long in this line of work? 5 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) \$2096 <input checked="" type="radio"/> I have an ownership share of 25% or more.	

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Self-employed borrower and income analysis calculators

Editable and auto-calculating worksheets fitted specifically for loan officers and mortgage pros.

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

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

Updated for tax year 2023:

- All-in-one self-employed income calculator
- Rental income calculator

Updated for 2024:

- Employment and other income calculator

[Gain access now >](#)

“I've been using MGIC worksheets for years and think they're fantastic! I haven't found any other worksheets that are as functional or as easy to use as MGIC's.”

Amanda, Underwriter

01 02

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



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

This help

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Schedule

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Depletion

Profit and Loss Statement Analysis

User tips:

- Add borrower information in blue-shaded fields
- Click the "O" button to expand income source section
- Click "+" to add additional columns within business section

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:

- Select tax year(s) from business return and enter applicable line items
- Enter date of
- YOY% Change

Use of this info:

Business Name

Completed by

Gross Receipt/Sa

Returns & Allowa

Cost of Goods So

Total deductions

- Total deduction

- Total expenses

Taxable Income

- Ordinary Incom

- Taxable Income

- Net Profit (Loss)

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)

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

NOTE: If t

Schedule

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Cash Flow Analysis Summary

- 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.

SAM Cash Flow Analysis Worksheet

User tips:

- Add borrower information in blue-shaded fields
- Select the tax year(s) being reviewed
- Click the "O" button to expand income source section
- Use Summary section to analyze income trends
- For negative entries, please type "-" prior to number
- For line instructions, hover over red triangles
- For guidance, see [Help Document](#)
- Select the "Reset Workbook" button on top to clear all information
- To print several worksheet 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:

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

SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT

SCHEDULE C - SOLE PROPRIETORSHIP

SCHEDULE C - SINGLE-MEMBER LLC

SCHEDULE D - CAPITAL GAINS AND LOSSES

SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS

SCHEDULE F - FARM INCOME

Partnership Cash Flow

Evaluate business income as required by your investor.

PARTNERSHIP Name:

PARTNERSHIP Name:

PARTNERSHIP Name:

PARTNERSHIP Name:

PARTNERSHIP Name:

PARTNERSHIP Name:

S Corporation Cash Flow

Evaluate business income as required by your investor.

S CORPORATION Name:

S CORPORATION Name:

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S CORPORATION Name:

S CORPORATION Name:

Corporation Cash Flow

Evaluate business income as required by your investor.

CORPORATION Name:

CORPORATION Name:

CORPORATION Name:

Cash Flow Analysis Summary

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: 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): 1750 Prosperity Drive; Apt. no.: ; City, town, or post office: Jackson; State: TN; ZIP code: 38305; Foreign country name: ; Foreign province/state/county: ; Foreign postal code: ; Presidential Election Campaign: [] You [] Spouse

Filing Status: [] Single [] Head of household (HOH) [X] Married filing jointly (even if only one had income) [] Married filing separately (MFS) [] Qualifying surviving spouse (QSS)

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 [X] 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

Table with 6 columns: (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. Includes instructions for dependents.

Main income table with 15 rows (1a-15) and 2 columns (a, b). Includes sub-rows 2a-6a and 7-15. Total taxable income: 157,102.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2023)

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	24,694.
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	24,694.
	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	24,694.
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	6,903.
24	Add lines 22 and 23. This is your total tax	24	31,597.	

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.
	26	2023 estimated tax payments and amount applied from 2022 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.

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 border="1" style="display: inline-table; vertical-align: middle;"><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></tr></table> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	X	X	X	X	X	X	X	X	X							
	X	X	X	X	X	X	X	X	X									
d	Account number <table border="1" style="display: inline-table; vertical-align: middle;"><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></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				
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	597.
	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 **Yes. Complete below.** **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 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	Firm's address			Phone no. 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

2023

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

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	52,655.
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 ABL 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	
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	151,255.

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

Schedule 1 (Form 1040) 2023

Part II Other Taxes (continued)

17 Other additional taxes:

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

b Rec see

c Add

d Add indi

e Add

f Add For

g Rec frac

h Incc plan

i Cor con

j Sec

k Gol For

l Tax

m Exc corp

n Loo 869

o Tax year

p Any from

q Any insu

z Any and

18 Tot

19 Res

20 Sec

21 Add on f

SCHEDULE 2 (Form 1040)

Department of the Treasury Internal Revenue Service

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

James & Jessica Johnson

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

2023

Attachment Sequence No. 02

Your social security number

000-00-0000

Part I

1 Alter

2 Exc

3 Add

Part II

4 Self

5 Soc

6 Und

7 Tot

8 Add

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11 Add

12 Net

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16 Rec

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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	3,452.
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	6,952.

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

X	SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT	2023	2022
1	Recurring Interest Income: LINE 1 or 1040 LINE 2b		
2	Recurring Dividend Income: LINE 5 or 1040 LINE 3b		
SUBTOTAL		\$ -	\$ -

Notes

Access the worksheets at mgic.com/worksheets

**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

2023

Attachment
Sequence No. **08**

Name(s) shown on return: **James & Jessica Johnson** Your social security number: **000-00-0000**

		Amount
Part I Interest <small>(See instructions and the Instructions for Form 1040, line 2b.)</small> 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: <u>Colonial Federal</u> <u>J & J Property Solutions</u>	500. 1,200.
	2 Add the amounts on line 1	2 1,700.
	3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b	4 1,700.
	Note: If line 4 is over \$1,500, you must complete Part III.	

Part II Ordinary Dividends <small>(See instructions and the Instructions for Form 1040, line 3b.)</small> 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: <u>IBM</u> <u>Creative Design Concepts</u>	500. 6,400.
	6 Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b	6 6,900.
	Note: If line 6 is over \$1,500, you must complete Part III.	

Part III Foreign Accounts and Trusts 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.

		Yes	No
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.	7a At any time during 2023, 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	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	<input type="checkbox"/>	<input type="checkbox"/>
	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: _____	<input type="checkbox"/>	<input type="checkbox"/>
8 During 2023, 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	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Schedule C – Sole Proprietorship Cash Flow

X SCHEDULE C - SOLE PROPRIETORSHIP		2023	2022
Name:			
4	Net Profit (Loss): LINE 31		
5	Deduct nonrecurring income/add nonrecurring loss or expense: 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 2023: \$0.28, 2022: \$0.26, 2021: \$0.26		
11b	= Total Mileage Depreciation		
12	Amortization/Casualty Loss (only if noted): page 2, part V		
SUBTOTAL		\$ -	\$ -

Notes

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2023

Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service

**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.**

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	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	
7 Gross income. Add lines 5 and 6	7	100,965.

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

8 Advertising	8		18	Office expense (see instructions)	520.
9 Car and truck expenses (see instructions)	9	11,790.	19	Pension and profit-sharing plans	
10 Commissions and fees	10		20	Rent or lease (see instructions):	
11 Contract labor (see instructions)	11		20a	a Vehicles, machinery, and equipment	
12 Depletion	12		20b	b Other business property	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	2,300.	21	21 Repairs and maintenance	
14 Employee benefit programs (other than on line 19)	14		22	22 Supplies (not included in Part III)	
15 Insurance (other than health)	15	1,200.	23	23 Taxes and licenses	
16 Interest (see instructions):			24	24 Travel and meals:	
a Mortgage (paid to banks, etc.)	16a	3,800.	24a	a Travel	
b Other	16b		24b	b Deductible meals (see instructions)	1,200.
17 Legal and professional services	17	750.	25	25 Utilities	1,850.
28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28		26	26 Wages (less employment credits)	24,000.
29 Tentative profit or (loss). Subtract line 28 from line 7	29		27a	27a Other expenses (from line 48)	500.
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		27b	b Energy efficient commercial bldgs deduction (attach Form 7205)	
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		30		400.
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		52,655.
			32a	<input type="checkbox"/> All investment is at risk.	
			32b	<input type="checkbox"/> Some investment is not at risk.	

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: **a** Cost **b** Lower of cost or market **c** Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation Yes 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 2023, 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? Yes No

46 Do you (or your spouse) have another vehicle available for personal use? Yes No

47a Do you have evidence to support your deduction? Yes No

b If "Yes," is the evidence written? Yes 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)

Department of the Treasury
Internal Revenue Service

Attach to your tax return.
Go to www.irs.gov/Form4562 for instructions and the latest information.

Attachment
Sequence No. **179**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

James Johnson

Property Maintenance Ninjas

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 2022 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 2024. 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 2023	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		

Section B - Assets Placed in Service During 2023 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		27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2023 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.

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	01/01/2019	100 %						
GMC Sierra 2500HD	05/30/2023	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	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
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?	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 2023 tax year (see instructions):					
43 Amortization of costs that began before your 2023 tax year. 43					
44 Total. Add amounts in column (f). See the instructions for where to report 44					

Filing Status [] Single [X] Married filing jointly [] Married filing separately (MFS) [] Head of household (HOH) [] Qualifying surviving spouse (QSS)

Check only one box. 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:

Form fields for personal information: Your first name and middle initial (James), Last name (Johnson), Your social security number (000-00-0000), Spouse's social security number (000-00-0001), Home address (1750 Prosperity Drive), City (Jackson), State (TN), ZIP code (38305).

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset... [] Yes [X] 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, 1958 [] Are blind Spouse: [] Was born before January 2, 1958 [] Is blind

Table for Dependents with columns: (1) First name, Last name, (2) Social security number, (3) Relationship to you, (4) Check the box if qualifies for (Child tax credit, Credit for other dependents).

Main income table with rows 1a through 15. Includes sub-rows for tax-exempt interest, qualified dividends, IRA distributions, pensions, social security benefits, capital gain, other income, adjustments, and deductions. Total taxable income: 117,459.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

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	16,865.
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	16,865.
	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	16,865.
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	9,232.
	24	Add lines 22 and 23. This is your total tax	24	26,097.

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	2022 estimated tax payments and amount applied from 2021 return	26	5,500.
	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	18,000.

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 border="1"><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> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	X	X	X	X	X	X	X	X	X	X							
	X	X	X	X	X	X	X	X	X	X									
d	Account number <table border="1"><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 2023 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	8,097.
	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 **Yes**. Complete below. **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 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	Firm's address _____			Phone no. _____
Firm's address _____				Firm's EIN _____

Part II Other Taxes (continued)

17 a b c d e f g h i j k l m n o p q z 18 19 20 21

SCHEDULE 2 (Form 1040)

Additional Taxes

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

OMB No. 1545-0074

2022

Department of the Treasury Internal Revenue Service

Name

Schedule 1 (Form 1040) 2022

Page 2

Part II Adjustments to Income

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19a 19b 20 21 22 23 24 25 26

SCHEDULE 1 (Form 1040)

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

2022

Attachment Sequence No. 01

Department of the Treasury Internal Revenue Service

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

James & Jessica Johnson

Your social security number

000-00-0000

Part I Additional Income

Table with columns for line numbers (1-10), descriptions of income adjustments (1-10), and amounts. Includes sub-rows 8a-8z for 'Other income'.

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

Schedule 1 (Form 1040) 2022

**SCHEDULE C
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Profit or Loss From Business
(Sole Proprietorship)

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

OMB No. 1545-0074

2022

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 2022? 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 2022, check here <input type="checkbox"/>		
I Did you make any payments in 2022 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	4,500.
7 Gross income. Add lines 5 and 6	7	93,700.

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.
28 Total expenses before expenses for business use of home. Add lines 8 through 27a	28		26 Wages (less employment credits)	26	6,000.
29 Tentative profit or (loss). Subtract line 28 from line 7	29		27a Other expenses (from line 48)	27a	800.
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		27b Reserved for future use	27b	
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				24,560.
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.					69,140.

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

For Paperwork Reduction Act Notice, see the separate instructions.

BAA

REV 07/23/23 TTW

Schedule C (Form 1040) 2022

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>01/01/2019</u>
44	Of the total number of miles you drove your vehicle during 2022, 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 or line 30.

Dues	100.
Laundry	400.
Casualty Loss	300.
48 Total other expenses. Enter here and on line 27a	48 800.

Profit and Loss Statement Analysis



User tips:

- Add borrower information in blue-shaded fields
- Click the "O" button to expand income source section
- Click "+" to add additional columns within business section

BORROWER NAME:

Sole Proprietorship Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

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

Property Maintenance Ninjas

Income Statement

Date: 3/31/24

Income:

Services rendered	\$ 46,850
Other income	\$ 500
Cost of materials	<u>\$ 6,750</u>

GROSS PROFITS **\$40,600**

Expenses:

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

TOTAL EXPENSES **\$20,845**

NET PROFIT **\$ 19,755**

Schedule D – Capital Gains and Losses Cash Flow

X	SCHEDULE D - CAPITAL GAINS AND LOSSES	2023	2022
13	Recurring Capital Gains (Loss): page 2, LINE 16 (details on FORM 8949)		
	SUBTOTAL	\$ -	\$ -

Notes

Access the worksheets at mgic.com/worksheets

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

2023

Attachment
Sequence No. **12**

Department of the Treasury
Internal Revenue Service

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.

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) 2023

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: <ul style="list-style-type: none"> • The loss on line 16; or • (\$3,000), or if married filing separately, (\$1,500) } 	21	(1,000.)
	Note: When figuring which amount is smaller, treat both amounts as positive numbers.		
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	05/15/18	09/20/23	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	2023	2022
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

Access the worksheets at mgic.com/worksheets

**SCHEDULE E
(Form 1040)**

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

OMB No. 1545-0074

2023
Attachment
Sequence No. **13**

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.
Go to www.irs.gov/ScheduleE for instructions and the latest information.

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 2023 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)	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.	
A	1	A	Fair Rental Days	365
B	4	B	Fair Rental Days	365
C	1	C	Fair Rental Days	90
			Personal Use Days	0
			Personal Use Days	0
			Personal Use Days	0
			QJV	<input type="checkbox"/>
			QJV	<input type="checkbox"/>
			QJV	<input type="checkbox"/>

- 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:	Properties:		
	A	B	C
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) 2023

Name(s) shown on return. Do not enter name and social security number if shown on other side.
James & Jessica Johnson Your social security number
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

	(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

	(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

	(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

Partnership Cash Flow

Evaluate business income as required by your investor.

X	PARTNERSHIP	Name:	2023	2022
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/add nonrecurring loss: LINES 5, 6 & 7			
30	Depreciation: LINE 16c			
31	Depreciation (FORM 8825): LINE 14			
32	Depletion: LINE 17			
33	Amortization/Casualty Loss (only if noted): from attached statement			
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)**

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.

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)
	-2,000	A	-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)		
9a	Net long-term capital gain (loss)	19	Distributions
		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*		

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 \$ _____

*See attached statement for additional information.

For IRS Use Only

U.S. Return of Partnership Income
For calendar year 2023, or tax year beginning _____, 2023, ending _____, 20_____.
Go to www.irs.gov/Form1065 for instructions and the latest information.

2023

A Principal business activity		Name of partnership HIDE AWAY STORAGE	D Employer identification number 00-0000000
B Principal product or service	Type	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	or	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.

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

Signature of partner or limited liability company member _____ Date _____

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
Firm's address	3 PEACHTREE LANE JACKSON, TN 38305		Phone no.	

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Department of the Treasury
Internal Revenue Service

Attach to your tax return.
Go to www.irs.gov/Form4797 for instructions and the latest information.

Name(s) shown on return HIDE AWAY STORAGE	Identifying number 00-000000
---	--

1a Enter the gross proceeds from sales or exchanges reported to you for 2023 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions	1a	
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	1b	
c Enter the total amount of loss that you are including on lines 2 and 10 due to the partial dispositions of MACRS assets	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						7
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.							
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	8/20/2022	5/25/2023	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					40,000	17
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							18a
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							18b

For Paperwork Reduction Act Notice, see separate instructions. Form **4797** (2023)

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	
		(a)	(b)	(c)	(d)
Assets					
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 \$				
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), 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

=====

Line 21 - Other deductions

Meals and entertainment	2,500

Total	2,500
	=====

Form 1065, Page 5 Detail

=====

Line 18c - Nondeductible Expenses

Meals and Entertainment	2,500

Total	2,500
	=====

STATEMENT

Partnership Cash Flow

Evaluate business income as required by your investor.

X	PARTNERSHIP	Name:	2023	2022
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/add nonrecurring loss: LINES 5, 6 & 7			
30	Depreciation: LINE 16c			
31	Depreciation (FORM 8825): LINE 14			
32	Depletion: LINE 17			
33	Amortization/Casualty Loss (only if noted): from attached statement			
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)**

2023

651123

Department of the Treasury
Internal Revenue Service

For calendar year 2023, or tax year

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

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):	
	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:	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 \$	

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)		
9a	Net long-term capital gain (loss)	19	Distributions 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 1 through 11. From the result, subtract the sum of

Schedule K Partners' Distributive Share Items

Total amount

1 Ordinary business income (loss) (page 1, line 23)

Schedule B Other Information (continued)

b Under the covered surrogate foreign corporation rules?

Schedule B Other Information (continued)

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:

Form 1065

U.S. Return of Partnership Income

OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

For calendar year 2023, or tax year beginning 2023, ending 2023

2023

Go to www.irs.gov/Form1065 for instructions and the latest information.

A Principal business activity

Name of partnership

D Employer identification number

B Principal product or service

EQUITABLE PROPERTY GROUP, LLC

00-000000

C Business code number

1750 PROSPERITY DRIVE

E Date business started

JACKSON, TN 38305

05/20/2018

F Total assets (see instructions)

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: 2

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.

Table with columns for Income, Deductions, and Tax and Payment. Rows include: 1a Gross receipts or sales, 2 Cost of goods sold, 3 Gross profit, 4 Ordinary income (loss) from other partnerships, 5 Net farm profit (loss), 6 Net gain (loss) from Form 4797, 7 Other income (loss), 8 Total income (loss), 9 Salaries and wages, 10 Guaranteed payments to partners, 11 Repairs and maintenance, 12 Bad debts, 13 Rent, 14 Taxes and licenses, 15 Interest, 16a Depreciation, 16b Less depreciation reported on Form 1125-A, 17 Depletion, 18 Retirement plans, etc., 19 Employee benefit programs, 20 Energy efficient commercial buildings deduction, 21 Other deductions, 22 Total deductions, 23 Ordinary business income (loss), 24 Interest due under the look-back method - completed long-term contracts, 25 Interest due under the look-back method - income forecast method, 26 BBA AAR imputed underpayment, 27 Other taxes, 28 Total balance due, 29 Elective payment election amount, 30 Payment, 31 Amount owed, 32 Overpayment.

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.

Signature of partner or limited liability company member

Date

May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Print/Type preparer's name Preparer's signature Date

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed PTIN

Firm's name V. I. P. TAX INC.

Firm's EIN 00-0000000

Firm's address 3 PEACHTREE LANE JACKSON, TN 38305

Phone no.

For Paperwork Reduction Act Notice, see separate instructions. JSA 3P1010 1.000

Form 1065 (2023)

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

OMB No. 1545-0123

▶ Attach to Form 1065 or Form 1120S.

▶ Go to www.irs.gov/Form8825 for the latest information.

Name EQUITABLE PROPERTY GROUP, LLC	Employer identification number 00-0000000
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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	Gross rents	2	67,200		
Rental Real Estate Expenses					
3	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: Form 1065 or 1120S : Schedule K, line 2		21		52,000
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S Corporation Cash Flow

Evaluate business income as required by your investor.

X	S CORPORATION	Name:	2023	2022
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/add nonrecurring loss: LINES 4 & 5			
41	Depreciation: LINE 14			
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss (only if noted): from attached statement			
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

**Schedule K-1
(Form 1120-S)**

Department of the Treasury
Internal Revenue Service

2023

For calendar year 2023, or tax year

beginning ending

Shareholder's Share of Income, Deductions, Credits, etc.
See separate instructions.

Final K-1

Amended K-1

671121
OMB No. 1545-0123

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

Part I Information About the Corporation

A Corporation's employer identification number
00-0000000

B Corporation's name, address, city, state, and ZIP code
J & J PROPERTY SOLUTIONS
2500 N EXECUTIVE DRIVE
JACKSON, TN 38305

C IRS Center where corporation filed return

D Corporation's total number of shares
Beginning of tax year
End of tax year

Part II Information About the Shareholder

E Shareholder's identifying number
000-00-0000

F Shareholder's name, address, city, state, and ZIP code
JAMES JOHNSON
1750 PROSPERITY DRIVE
JACKSON, TN 38305

G Current year allocation percentage 50.0000 %

H Shareholder's number of shares
Beginning of tax year
End of tax year

I Loans from shareholder
Beginning of tax year \$
End of tax year \$

For IRS Use Only

1	Ordinary business income (loss) 61,000	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income 1,200		
5a	Ordinary dividends		
5b	Qualified dividends	14	Schedule K-3 is attached if checked <input type="checkbox"/>
6	Royalties	15	Alternative minimum tax (AMT) items
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)	16	Items affecting shareholder basis
10	Other income (loss)	C	500
		D	30,000
		17	Other information
		A	1,200
11	Section 179 deduction		
12	Other deductions		
18	More than one activity for at-risk purposes*		
19	More than one activity for passive activity purposes*		
* See attached statement for additional information.			

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)

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.

X	Business: <input style="width: 90%;" type="text"/>	Completed by: <input style="width: 90%;" type="text"/>	Date: <input style="width: 90%;" type="text"/>
---	--	--	--

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: 400px;" 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: <i>In general, a ratio ≥ 1 demonstrates adequate liquidity</i>	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: <i>In general, a ratio ≥ 1 demonstrates adequate liquidity</i>	N/A	N/A

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

U.S. Income Tax Return for an S Corporation

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

2023

Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year 2023 or tax year beginning , 2023, ending , 20

Header section containing: A S election effective date, B Business activity code number, C Check if Sch. M-3 attached, D Employer identification number, E Date incorporated, F Total assets (see instructions)

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions.
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 section table with columns: Description, Amount. Rows include: 1a Gross receipts or sales, 2 Cost of goods sold, 3 Gross profit, 4 Net gain (loss), 5 Other income (loss), 6 Total income (loss).

Deductions section table with columns: Description, Amount. Rows include: 7 Compensation of officers, 8 Salaries and wages, 9 Repairs and maintenance, 10 Bad debts, 11 Rents, 12 Taxes and licenses, 13 Interest, 14 Depreciation, 15 Depletion, 16 Advertising, 17 Pension, 18 Employee benefit programs, 19 Energy efficient commercial buildings deduction, 20 Other deductions, 21 Total deductions, 22 Ordinary business income (loss).

Tax and Payments section table with columns: Description, Amount. Rows include: 23a Excess net passive income or LIFO recapture tax, 23b Tax from Schedule D, 23c Add lines 23a and 23b, 24a Current year's estimated tax payments, 24b Tax deposited with Form 7004, 24c Credit for federal tax paid on fuels, 24d Elective payment election amount, 24z Add lines 24a through 24d, 25 Estimated tax penalty, 26 Amount owed, 27 Overpayment, 28 Enter amount from line 27.

Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid Preparer Use Only section containing: Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, PTIN, Firm's name, Firm's address, Firm's EIN, Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Form 1120-S (2023)

Schedule B Other Information (see instructions)

1 Check accounting method: a <input type="checkbox"/> Cash b <input type="checkbox"/> Accrual	Yes	No
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		

(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

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	Yes	No		
(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	Yes	No
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 _____	Yes	No
6 Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?	Yes	No
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.	Yes	No
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 . . . \$ _____	Yes	No
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	Yes	No
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 \$29 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).	Yes	No
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.	Yes	No

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 in 2023 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 Charitable contributions	12 a	
	b Investment interest expense	12 b	
	c Section 59(e)(2) expenditures Type: _____	12 c	
d Other deductions (see instructions) Type: _____	12 d		
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	17a	2,400
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12d and 16f	18	124,400

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		15,400		12,100
2a 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
10a Buildings and other depreciable assets	190,000		232,800	
b Less accumulated depreciation	(32,900)	157,100	(47,900)	184,900
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets (attach statement)				
15 Total assets		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.

<p>1 Net income (loss) per books 123,400</p> <p>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) _____</p> <p>3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 16f (itemize):</p> <p>a Depreciation \$ _____</p> <p>b Travel and entertainment \$ <u>1,000</u></p> <p>4 Add lines 1 through 3 124,400</p>	<p>5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):</p> <p>a Tax-exempt interest \$ _____</p> <p>6 Deductions included on Schedule K, lines 1 through 12, and 16f, not charged against book income this year (itemize):</p> <p>a Depreciation \$ _____</p> <p>7 Add lines 5 and 6 _____</p> <p>8 Income (loss) (Schedule K, line 18). Subtract line 7 from line 4 124,400</p>
---	---

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			

Cost of Goods Sold

Department of the Treasury
Internal Revenue Service

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

Name J & J PROPERTY SOLUTIONS		Employer identification number 00-0000000
1	Inventory at beginning of year	30,000
2	Purchases	141,000
3	Cost of labor	
4	Additional section 263A costs (attach schedule)	
5	Other costs (attach schedule)	
6	Total. Add lines 1 through 5	171,000
7	Inventory at end of year	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.	146,000
9a	Check all methods used for valuing closing inventory:	
	(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.) ▶	
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	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d <input type="text"/>
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, 2017, the following apply.

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

General Instructions

Purpose of Form

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

Who Must File

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

Inventories

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

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

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

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

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

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

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

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

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

Line 5 - Other Income

Ordinary income from partnership - The Accounting House

10,000

Total

10,000

STATEMENT

**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.

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) 10,000	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)		
9a	Net long-term capital gain (loss)	19	Distributions 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	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		

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 IRS Use Only

*See attached statement for additional information.

**Schedule K-1
(Form 1065)**

Department of the Treasury
Internal Revenue Service

2022

For calendar year 2022, 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 style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Beginning</th> <th style="width: 25%;"></th> <th style="width: 25%; text-align: center;">Ending</th> </tr> </thead> <tbody> <tr> <td>Profit</td> <td style="text-align: center;">20 %</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;">20 %</td> </tr> <tr> <td>Loss</td> <td style="text-align: center;">20 %</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;">20 %</td> </tr> <tr> <td>Capital</td> <td style="text-align: center;">20 %</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: center;">20 %</td> </tr> </tbody> </table>		Beginning		Ending	Profit	20 %		20 %	Loss	20 %		20 %	Capital	20 %		20 %
	Beginning		Ending														
Profit	20 %		20 %														
Loss	20 %		20 %														
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K	Partner's share of liabilities:																
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	Beginning		Ending														
Nonrecourse \$			\$														
Qualified nonrecourse financing \$			\$														
Recourse \$			\$														
	Check this box if item K includes liability amounts from lower-tier partnerships <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)
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5	Interest income		
6a	Ordinary dividends		
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6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	19	Distributions 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

Corporation Cash Flow

Evaluate business income as required by your investor.

X	CORPORATION	Name:	2023	2022
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/add nonrecurring loss: LINE 10			
53	Depreciation: LINE 20			
54	Depletion: LINE 21			
55	Amortization/Casualty Loss (only if noted): LINE 26 from attached schedule			
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

2023
0000/1062

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

Copy A For Social Security Administration - Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

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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

2022
0000/1062

Department of the Treasury—Internal Revenue Service
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Compensation of Officers

OMB No. 1545-0123

▶ 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.

Name

CREATIVE DESIGN CONCEPTS, INC.

Employer identification number

00-0000000

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

JSA
>1318 1.000

U.S. Corporation Income Tax Return
For calendar year 2023 or tax year beginning _____, ending _____
Go to www.irs.gov/Form1120 for instructions and the latest information.

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"/>	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	B Employer identification number 00-0000000 C Date incorporated 10/01/2017 D Total assets (see instructions) \$ 237,036
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change			

Income	1 a	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
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	31,300
Tax, Refundable Credits, and Payments	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, Part I, line 11)	31	6,570	
32	Reserved for future use	32		
33	Total payments and credits (Schedule J, Part II, 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 2024 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	37		

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. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
----------------------------	------------	-------------	---

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed <input type="checkbox"/> if PTIN
	Firm's name V. I. P. TAX INC.			Firm's EIN 00-0000000
	Firm's address 3 PEACHTREE LANE JACKSON, TN 38305			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)

Part I - Tax Computation

1	Income tax. See instructions	1	6,570
2	Base erosion minimum tax amount (attach Form 8991)	2	
3	Corporate alternative minimum tax from Form 4626, Part II, line 13 (attach Form 4626)	3	
4	Add lines 1, 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	
6	Total credits. Add lines 5a through 5e	6	
7	Subtract line 6 from line 4	7	6,570
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method - completed long-term contracts (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	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	6,570

Part II - Payments and Refundable Credits

12	Reserved for future use	12	
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	Combine lines 13, 14, and 15	16	4,200
17	Tax deposited with Form 7004	17	
18	Withholding (see instructions)	18	
19	Total payments. Add lines 16, 17, and 18	19	4,200
20	Refundable credits from:		
a	Form 2439	20a	
b	Form 4136	20b	
c	Reserved for future use	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

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-subsidary 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) \$ _____		

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?		X
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 \$ _____		
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		X
If "Yes," enter the total amount of the disallowed deductions \$ _____		
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).)		X
If "Yes," complete and attach Form 8991.		
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 \$29 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?		X
If "Yes," enter amount from Form 8996, line 15 \$ _____		
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		X
Percentage: By Vote		
By Value		
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?		X
If "Yes," attach Schedule O (Form 1120). See instructions.		
29 Corporate Alternative Minimum Tax:		
a Was the corporation an applicable corporation under section 59(k)(1) in any prior tax year?		X
If "Yes," go to question 29b. If "No," skip to question 29c.		
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?		X
If "Yes" to either (a), (b), or (c), complete Form 7208, Excise Tax on Repurchase of Corporate Stock. See the Instructions for Form 7208.		
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?		X
If "Yes," attach a statement. See instructions.		

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
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):	
2	Federal income tax per books	5,500		Tax-exempt interest \$ _____	
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):	
5	Expenses recorded on books this year not deducted on this return (itemize):		a	Depreciation \$ 1,000	
a	Depreciation \$ _____		b	Charitable contributions . . \$ _____	
b	Charitable contributions . \$ _____				1,000
c	Travel and entertainment . \$ 600		9	Add lines 7 and 8	1,000
		600	10	Income (page 1, line 28) - line 6 less line 9	31,300
6	Add lines 1 through 5	32,300			

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



Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

X 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: 3/31/24

Sales	\$195,000	
Cost of Goods sold	<u>\$ 96,450</u>	
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	\$ 1,825	
Depreciation	\$ 2,225	
Charity	\$ 2,500	
Insurance	\$ 501	
Total Expenses	<u>\$ 72,851</u>	

Net Income **\$ 25,699**

Owner's compensation \$ 18,000

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:

- 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

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

Business Name:	Creative Design Concepts, Inc.	Date:		Annualization Date:	3/31/2024
Completed by:					

	Select the Year(s):		
	2022	2023	2024
Gross Receipt/Sales	\$ 655,320	\$ 724,200	\$ 195,000
Returns & Allowances			
Cost of Goods Sold	\$ 410,000	\$ 390,000	\$ 96,450
Total deductions/Total expenses	\$ 219,520	\$ 302,900	\$ 72,851
- Total deductions for Partnership, S Corporation or Corporation			
- Total expenses for Sole Proprietorship			
Taxable Income	\$ 25,800	\$ 31,300	\$ 7,699
- 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	\$ 390,000	\$ 385,800		
% Change		-5%	-1%		
Expenses	\$ 629,520	\$ 692,900	\$ 677,204	+96% *	+87% *
(CGS + Total deductions/Total expenses)					
% Change		+10%	-2%		
Gross Profits	\$ 245,320	\$ 334,200	\$ 394,200		
(Gross Receipts/Sales - Returns & Allowances - CGS)					
% Change		+36%	+18%		
Taxable Income	\$ 25,800	\$ 31,300	\$ 30,796	+4% **	+4% **
% Change		+21%	-2%		

*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.

Business Name:		Date:		Annualization Date:	
Business Name:		Date:			
Business Name:		Date:			
Business Name:		Date:			
Business Name:		Date:			



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/worksheets

SAM Cash Flow Analysis Worksheet



User tips:

- Add borrower information in blue-shaded fields
- Select the tax year(s) being reviewed
- Click the "O" button to expand income source section
- Use Summary section to analyze income trends
- For negative entries, please type "-" prior to number
- For line instructions, hover over red triangles
- For guidance, see [Help Document](#)
- Select the "Reset Workbook" button on top to clear all information
- To print several worksheet tabs into one PDF, hold down the Command or Control key and click on the tabs that should be included, then print the document

Reset Workbook

BORROWER NAME:

DATE:

Input the Year(s):

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

X SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT		
1	Recurring Interest Income: LINE 1 or 1040 LINE 2b	<input type="text"/>
2	Recurring Dividend Income: LINE 5 or 1040 LINE 3b	<input type="text"/>
SUBTOTAL		\$ -

X SCHEDULE C - SOLE PROPRIETORSHIP		
Name: <input type="text"/>		
4	Net Profit (Loss): LINE 31	<input type="text"/>
5	Deduct nonrecurring income/add nonrecurring loss or expense: LINE 6	<input type="text"/>
6	Depletion: LINE 12	<input type="text"/>
7	Depreciation: LINE 13	<input type="text"/>
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(<input type="text"/>)
9	Business Use of Home: LINE 30	<input type="text"/>
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles <input type="text"/>
11a	x Depreciation Rate 2023: \$0.28, 2022: \$0.26, 2021: \$0.26	<input type="text"/>
11b	= Total Mileage Depreciation	<input type="text"/>
12	Amortization/Casualty Loss (only if noted): page 2, part V	<input type="text"/>
SUBTOTAL		\$ -

X SCHEDULE C - SINGLE-MEMBER LLC		
Name: <input type="text"/>		
3	W-2 Income from Self-Employment: W-2, Box 5 (in general)	<input type="text"/>
4	Net Profit (Loss): LINE 31	<input type="text"/>
5	Deduct nonrecurring income/add nonrecurring loss or expense: LINE 6	<input type="text"/>
6	Depletion: LINE 12	<input type="text"/>
7	Depreciation: LINE 13	<input type="text"/>
8	Non-Deductible Meals and Entertainment Exclusion: LINE 24b	(<input type="text"/>)
9	Business Use of Home: LINE 30	<input type="text"/>
10	Business Miles: Page 2, Part IV, LINE 44a OR Related 4562, Line 30	*Miles <input type="text"/>
11a	x Depreciation Rate 2023: \$0.28, 2022: \$0.26, 2021: \$0.26	<input type="text"/>
11b	= Total Mileage Depreciation	<input type="text"/>
12	Amortization/Casualty Loss (only if noted): page 2, part V	<input type="text"/>
SUBTOTAL		\$ -

X SCHEDULE D - CAPITAL GAINS AND LOSSES		
13	Recurring Capital Gains (Loss): page 2, LINE 16 (details on FORM 8949)	<input type="text"/>
SUBTOTAL		\$ -

X SCHEDULE E - SUPPLEMENTAL INCOME AND LOSS		
14	Royalty Income (Loss): LINE 4	<input type="text"/>
15	Total Expenses: LINE 20	(<input type="text"/>)
16	Depreciation Expense or Depletion: LINE 18	(<input type="text"/>)
SUBTOTAL		\$ -

Access the worksheets at mgic.com/worksheets

X 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	
20	Add nonrecurring loss: LINE 2-8	
19	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.

X 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)	
FORM 1065		
28	Passthrough (Income) Loss from Other Partnerships: LINE 4	
29	Deduct nonrecurring income/add nonrecurring loss: LINES 5, 6 & 7	
30	Depreciation: LINE 16c	
31	Depreciation (FORM 8825): LINE 14	
32	Depletion: LINE 17	
33	Amortization/Casualty Loss (only if noted): from attached statement	
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.

X 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/add nonrecurring loss: LINES 4 & 5	
41	Depreciation: LINE 14	
42	Depreciation (FORM 8825): LINE 14	
43	Depletion: LINE 15	
44	Amortization/Casualty Loss (only if noted): from attached statement	
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.

<input checked="" type="checkbox"/>	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/add nonrecurring loss: LINE 10			
53	Depreciation: LINE 20			
54	Depletion: LINE 21			
55	Amortization/Casualty Loss (only if noted): LINE 26 from attached schedule			
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)	\$	-	\$ -
<input type="checkbox"/>	CORPORATION	Name:		
<input type="checkbox"/>	CORPORATION	Name:		

Cash Flow Analysis Summary

- 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
PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:						
CORPORATION CASH FLOW SUBTOTALS:						
Average Monthly Cash Flow (Total)			\$	-		

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

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)

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.

X	Business:	Completed by:	Date:
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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: 200px;" 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: <i>In general, a ratio ≥ 1 demonstrates adequate liquidity</i>		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: <i>In general, a ratio ≥ 1 demonstrates adequate liquidity</i>		N/A		N/A

O	Business:	Completed by:	Date:
---	-----------	---------------	-------

O	Business:	Completed by:	Date:
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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:

- 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

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

X Business Name: Date:
 Completed by:

Select the Year(s):

Gross Receipt/Sales	<input type="text"/>	<input type="text"/>	<input type="text"/>
Returns & Allowances	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cost of Goods Sold	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total deductions/Total expenses	<input type="text"/>	<input type="text"/>	<input type="text"/>
- Total deductions for Partnership, S Corporation or Corporation			
- Total expenses for Sole Proprietorship			
Taxable Income	<input type="text"/>	<input type="text"/>	<input type="text"/>
- 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*
(CGS + Total deductions/Total expenses)						
% Change		-		-		-
Gross Profits	\$	-	\$	-	\$	-
(Gross Receipts/Sales - Returns & Allowances - CGS)						
% Change		-		-		-
Taxable Income	\$	-	n/a**	\$	-	n/a**
% Change		-		-		-

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

O Business Name: Date:

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

Access the worksheets at mgic.com/worksheets

Profit and Loss Statement Analysis



User tips:

- Add borrower information in blue-shaded fields
- Click the "O" button to expand income source section
- Click "+" to add additional columns within business section

BORROWER NAME:

Sole Proprietorship Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

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

<input type="radio"/>	SOLE PROPRIETORSHIP	<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="radio"/>	SOLE PROPRIETORSHIP	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Single-Member LLC Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

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

Access the worksheets at mgic.com/worksheets

MGIC Profit and Loss Statement Analysis Worksheet

Partnership Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

X 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.

X 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:	\$ -	\$ -	\$ -	

Access the worksheets at mgic.com/worksheets

Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

X 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:	\$ -	\$ -	\$ -

O CORPORATION			
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O CORPORATION			
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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%) ⓘ	\$ -
14	Adjusted Monthly Rent ⓘ	\$ -

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%) <input type="text"/> \$ -
30	Adjusted Monthly Rent <input type="text"/> \$ -
31	Monthly PITIA <input type="text"/> (<input type="text"/>)
32	NET Monthly Rental Income (Loss) <input type="text"/> \$ -

Business Rental	
X Form 8825	
Property: <input type="text"/>	
Rental Income (Loss) Calculation	
33	Number of Months: Maximum 12 <input type="text"/>
34	Gross Rents: Form 8825 Line 2 <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"/>
37	Taxes: Form 8825 Line 11 <input type="text"/>
38	Interest: Form 8825 Line 9 <input type="text"/>
39	Insurance: Form 8825 Line 7 <input type="text"/>
40	Other: Amortization/Casualty Loss/HOA Dues, if applicable: Form 8825 Line 15 <input type="text"/>
41	Annual Gross Rental Income (Loss) \$ -
42	Monthly Gross Rental Income (Loss) N/A
43	Monthly PITIA (<input type="text"/>) (<input type="text"/>)
44	NET Monthly Rental Income (Loss) <input type="text"/> 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%) <input type="text"/> \$ -
48	Adjusted Monthly Rent <input type="text"/> \$ -
49	Monthly PITIA <input type="text"/> (<input type="text"/>)
50	NET Monthly Rental Income (Loss) <input type="text"/> \$ -

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



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/worksheets

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/add nonrecurring loss or expense

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

Note: Per IRS Notice 2021-25, the IRS will temporarily allow for a 100% deduction for expenses paid or incurred in 2021 and 2022 for food or beverages provided by a restaurant. Please consult your internal guidelines as to how to proceed.

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
2021	56.0¢	26¢
1/1/22 through 6/30/22	58.5¢	26¢
7/1/22 through 12/31/22	62.5¢	26¢
2023	65.5¢	28¢

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 (Loss) from Other Miscellaneous Sources

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

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income/add nonrecurring loss

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

SAM Worksheet Help Document

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

***Note:** Per IRS Notice 2021-25, the IRS will temporarily allow for a 100% deduction for expenses paid or incurred in 2021 and 2022 for food or beverages provided by a restaurant. Please consult your internal guidelines as to how to proceed.

S Corporation Cash Flow (Form 1120S)

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

Schedule K-1 (Form 1120S)

S Corporations prepare Schedule K-1 (Form 1120S) 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 1120S: U.S. Income Tax Return for an S Corporation

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

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

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

The first page of Form 1120S 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 (Loss) From Miscellaneous Sources

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

Effect on Cash Flow Analysis Worksheet

- Deduct nonrecurring income/add nonrecurring loss

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 1120S 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

***Note:** Per IRS Notice 2021-25, the IRS will temporarily allow for a 100% deduction for expenses paid or incurred in 2021 and 2022 for food or beverages provided by a restaurant. Please consult your internal guidelines as to how to proceed.

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/add nonrecurring loss

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

***Note:** Per IRS Notice 2021-25, the IRS will temporarily allow for a 100% deduction for expenses paid or incurred in 2021 and 2022 for food or beverages provided by a restaurant. Please consult your internal guidelines as to how to proceed.

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/worksheets

Rental Income Worksheet Help Document

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



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/worksheets

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		<u><u>\$ 429,655</u></u>
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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		<u>157,390</u>
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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		<u><u>\$ 429,655</u></u>
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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

Evaluating the
Self-Employed
Borrower and
Other Sources
of Income

2023 TAX YEAR



**mortgage guaranty
insurance corporation**

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