

Analyzing Self-Employed Borrowers **TAX YEAR 2023**

Focusing on Corporations & Financial Statements

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Objectives

- Convert tax entries into cash flow:
 - Corporation
 - 1120 Corporation Form
 - SEB W-2
- Review components of financial statements
- Trend Analysis using Comparative Income Analysis tool
- Your questions

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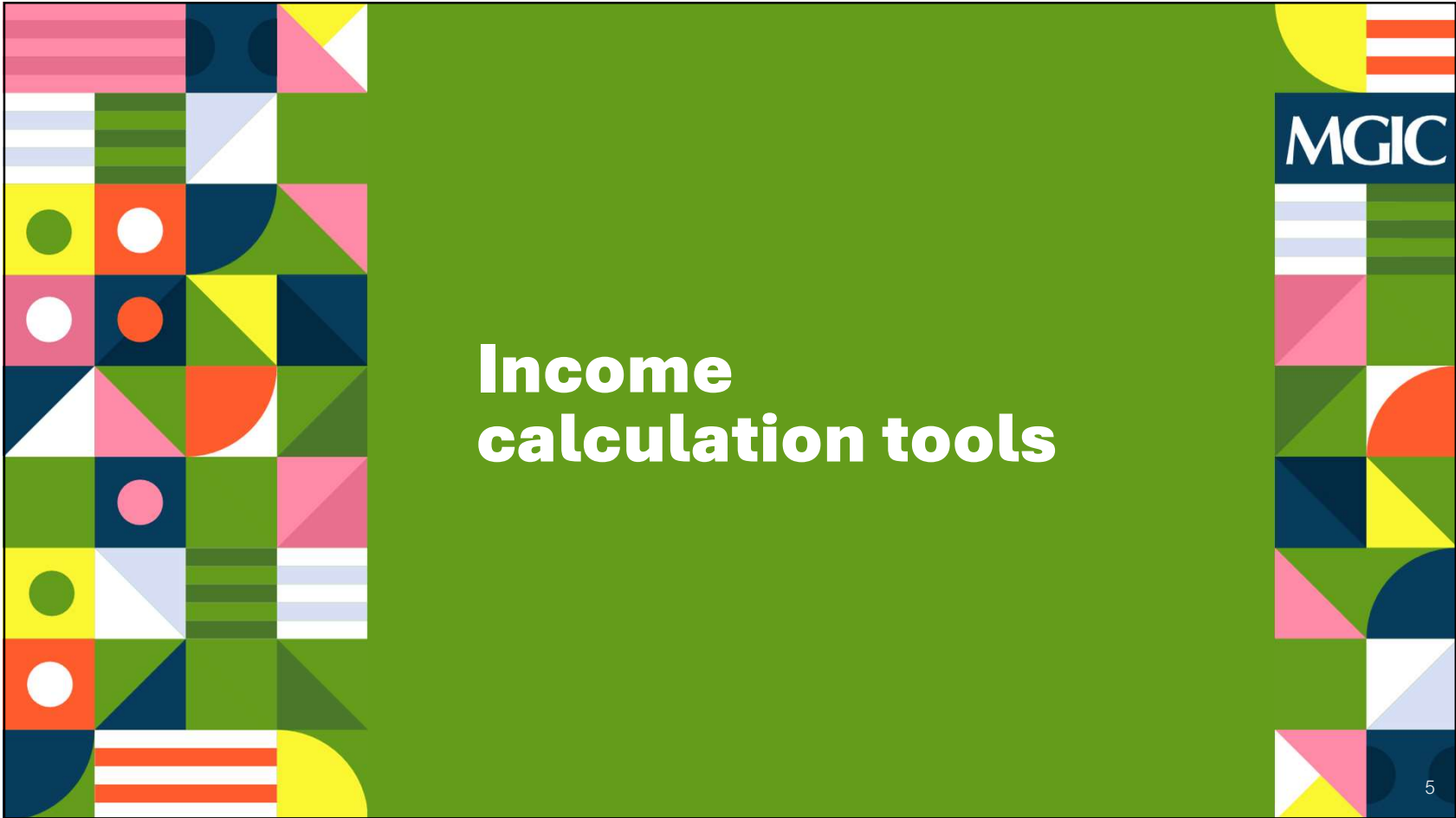




Knowledge leads to confidence!

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A decorative border surrounds a central green rectangle. The border consists of a grid of colorful geometric shapes (squares, triangles, circles) in shades of pink, blue, yellow, green, and orange. On the right side of the border, the MGIC logo is displayed in white text on a dark blue background. The central green rectangle contains the text "Income calculation tools" in white, bold, sans-serif font.

**Income
calculation tools**

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What do I need to start?

Loan application

- Tells borrower's story

Tax returns

- Personal
- Business
- 1 or 2 years of each


Worksheet

- Documents your decisions

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Cash flow worksheets

 **Cash Flow Analysis (Form 1084)**

Borrower Name: _____
 Business Name (optional): _____

This worksheet may be used to prepare a written evaluation of the analysis of income related to self-employment. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower for loan qualifying purposes.


IRS Form 1040 – Individual Income Tax Return

	Year _____	Year _____
1. W-2 Income from Self-Employment	(+) _____	(+) _____
2. Schedule B – Interest and Ordinary Dividends		
a. Interest Income from Self-Employment	(+) _____	(+) _____
b. Dividends from Self-Employment	(+) _____	(+) _____
3. Schedule C – Profit or Loss from Business: Sole Proprietorship		
a. Net Profit or (Loss)	(+/-) _____	(+/-) _____
b. Nonrecurring Other (Income) Loss/Expenses	(+/-) _____	(+/-) _____
c. Depreciation	(+) _____	(+) _____
d. Depreciation	(+) _____	(+) _____
e. Non-deductible Travel and Meals Expenses	(-) _____	(-) _____
f. Business Use of Home	(+) _____	(+) _____
g. Amortization/Casualty Loss	(+) _____	(+) _____
4. Schedule D – Capital Gains and Losses		
a. Recurring Capital Gains	(+) _____	(+) _____
5. Schedule E – Supplemental Income and Loss		
Note: A lender may use Fannie Mae Rental Income Worksheets (Form 1037 or Form 1038) to calculate individual rental income (loss) reported on Schedule E.		
a. Royalties Received	(+) _____	(+) _____
b. Total Expenses	(-) _____	(-) _____
c. Depreciation	(+) _____	(+) _____
6. Schedule F – Profit or Loss from Farming		
a. Net Farm Profit or (Loss)	(+/-) _____	(+/-) _____
b. Non-Tax Portion Ongoing Coop and CCC Payments	(+) _____	(+) _____
c. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
d. Depreciation	(+) _____	(+) _____
e. Amortization/Casualty Loss/Depletion	(+) _____	(+) _____
f. Business Use of Home	(+) _____	(+) _____

Note: IRS Form 4797 (Sales of Business Property) is not included on this worksheet due to its infrequent use. If applicable, a lender may include analysis of the sale and related recurring capital gains.

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Borrower Name: _____

 **Form 91**
Income Calculations
(Schedule Analysis Method)

Form 91 is to be used to document the Seller's calculation of the income for a self-employed Borrower. This form is a tool to help the Seller calculate the income for a self-employed Borrower; the Seller's calculations must be based on the requirements and guidance for the determination of stable monthly income in Topic 3300. This form does not replace the requirements and guidance for the analysis and treatment of the income for self-employed Borrowers as described in Chapters 5304 and 5305.

I. Income Calculations from IRS Form 1040

IRS Form 1040 Federal Individual Income Tax Return	Year: _____	Year: _____
1. W-2 Income from self-employment (reported on IRS Forms 1040 and 1120 or 1120S)		
Name of business: _____		
IRS Form 1040, W-2 Income – Officer Compensation (Section 5304.1(d)) ¹	(+) _____	(+) _____
Subtotal of W-2 income from self-employment	\$ _____	\$ _____
<small>¹Validate with business returns and IRS Form 1125-E, Compensation of Officers, as applicable.</small>		
2. Schedule B – Interest and Ordinary Dividends		
Recurring interest income (Chapter 5305)	(+) _____	(+) _____
Recurring dividend income (Chapter 5305)	(+) _____	(+) _____
Dividend income from self-employment reported on IRS Form 1120	(-) _____	(-) _____
Subtotal of dividends and interest	\$ _____	\$ _____

Freddie Mac Single-Family Seller/Service Guide 05/01/19 Bulletin 2019-9 Page P91-1

All-in-one self-employed income calculator

Excel XLSM – macro-enabled

Excel XLSX – macro-free

Excel XLSX – macro-free short

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SAM cash flow analysis summary

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Cash Flow Analysis Summary

Each business subtotals

PERSONAL CASH FLOW SUBTOTALS:		2023		2022		Qualifying Income	Total No. of Months
		Subtotal	# mo.	Subtotal	# mo.		
Schedule B	<input type="checkbox"/>	\$ 7,600.00	12	\$ 3,700.00	12	\$ 470.83	24
Schedule C Property Maintenance Ninjas	<input type="checkbox"/>	\$ 59,195.00	12	<input checked="" type="checkbox"/> \$ 69,460.00	0	\$ 4,932.92	12
PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:							
Schedule K-1 Hide Away Storage	<input type="checkbox"/>	\$ 8,000.00	12	<input type="checkbox"/> \$ (2,400.00)	12	\$ 233.33	24
W-2 Wages Hide Away Storage	<input type="checkbox"/>	\$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
Form 1065 Hide Away Storage	<input type="checkbox"/>	\$ (6,625.00)	12	<input type="checkbox"/> \$ 3,275.00	12	\$ (139.58)	24
Partnership Hide Away Storage Subtotal		\$ 1,375.00		\$ 875.00		\$ 93.75	
Schedule K-1 Equitable Property Group LLC	<input type="checkbox"/>	\$ 26,000.00	12	<input type="checkbox"/> \$ 22,000.00	12	\$ 2,000.00	24
W-2 Wages Equitable Property Group LLC	<input type="checkbox"/>	\$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
Form 1065 Equitable Property Group LLC	<input type="checkbox"/>	\$ 1,200.00	12	<input type="checkbox"/> \$ 1,100.00	12	\$ 95.83	24
Partnership Equitable Property Group LLC Subtotal		\$ 27,200.00		\$ 23,100.00		\$ 2,095.83	
Schedule K-1 J & J Property Solutions	<input type="checkbox"/>	\$ 61,000.00	12	<input type="checkbox"/> \$ 57,500.00	12	\$ 4,937.50	24
W-2 Wages J & J Property Solutions	<input type="checkbox"/>	\$ -	12	<input type="checkbox"/> \$ -	12	\$ -	24
Form 1120S J & J Property Solutions	<input type="checkbox"/>	\$ 6,750.00	12	<input type="checkbox"/> \$ 6,365.00	12	\$ 546.46	24
S Corporation J & J Property Solutions Subtotal		\$ 67,750.00		\$ 63,865.00		\$ 5,483.96	
CORPORATION CASH FLOW SUBTOTALS:							
W-2 Wages Creative Design Concepts, Inc.	<input checked="" type="checkbox"/>	\$ 74,500.00	0	<input type="checkbox"/> \$ 54,000.00	12	\$ 4,500.00	12
Form 1120 Creative Design Concepts, Inc.	<input checked="" type="checkbox"/>	\$ 12,930.00	0	<input type="checkbox"/> \$ 13,826.00	12	\$ 1,152.17	12
Corporation Creative Design Concepts, Inc. Subtotal		\$ -		\$ 67,826.00		\$ 5,652.17	
Average Monthly Cash Flow (Total)						\$ 18,729.46	

5 business structures



Sole Proprietorship



Partnership



Limited Liability Company



S Corporation



Corporation

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Infographic: Characteristics of 5 common self-employed businesses

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CHARACTERISTICS OF 5 COMMON SELF-EMPLOYED BUSINESSES **MGIC**

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.

- 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

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

71-43866 2/23

*Fannie Mae Selling Guide, December 2022


MGIC Rates Underwriting Ordering / Servicing Training Tools Mortgage Connects About MGIC [Get a quick quote](#)

Magic Minutes training series




Analyzing Self-Employed Income

Business structures



Magic Minutes
by MGIC

00:30 15:40



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Corporation



Definition

A legal entity that exists separate from its owners, who are shareholders

Liability

Owners are not personally liable for the debts of the corporation

Losses are limited to amount of investment in company stock

Taxation

Business files Form 1120

The business pays the taxes for the business

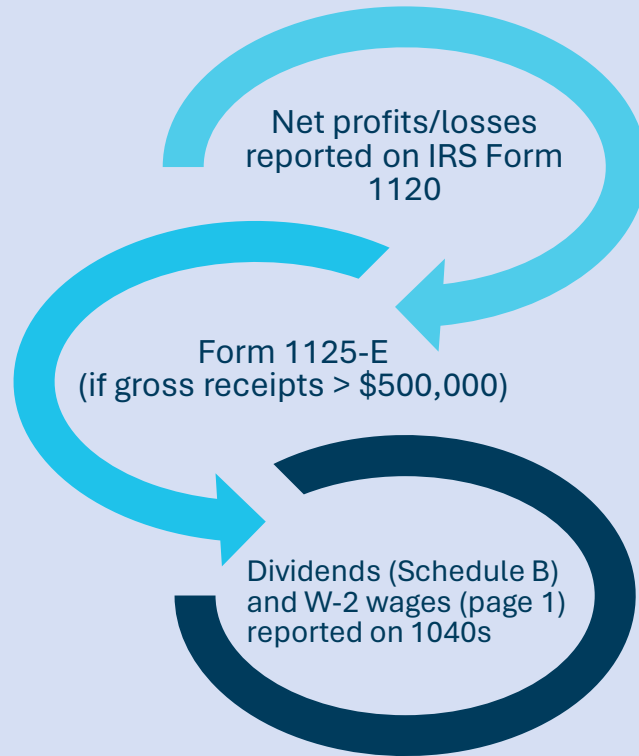
The owner is taxed at their individual tax rate for their earnings

Considerations

Generally, the borrower must be 100% owner to utilize business cash flow for qualifying income

Stockholders are considered employees of the business and can receive W-2 wages and dividends

Corporation income flow



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 Fannie Mae®

 Freddie Mac

Can I use income from the Corporation cash-flow?

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The screenshot shows the Freddie Mac Seller/Service Guide website. The page title is "5304.1 Stable monthly income and documentation requirements for self-employed Borrowers", effective 02/07/2024. The main content area is titled "Access to business income" and states that documentation is not required to verify access to business income for the following categories:


- Sole proprietorships
- Ordinary income, net rental real estate income, other net rental income and guaranteed payments received from partnerships and S corporations
- W-2 income received from S corporations and corporations,
- Corporations, if the Borrower holds 100% ownership interest

Below the list, a paragraph explains that if business income not reported on the Borrower's federal individual income tax returns is being used to qualify and none of the categories above apply, the Seller must verify that the Borrower's legal right to the business income is not encumbered, restricted, or prevented by a corporate resolution, partnership agreement, or other comparable document.

The MGIC logo is visible in the top right corner of the screenshot area. The mortgage guaranty insurance corporation logo is in the bottom left corner of the overall page.





SEB Documentation Matrix

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Self-Employed Borrower Documentation Matrix

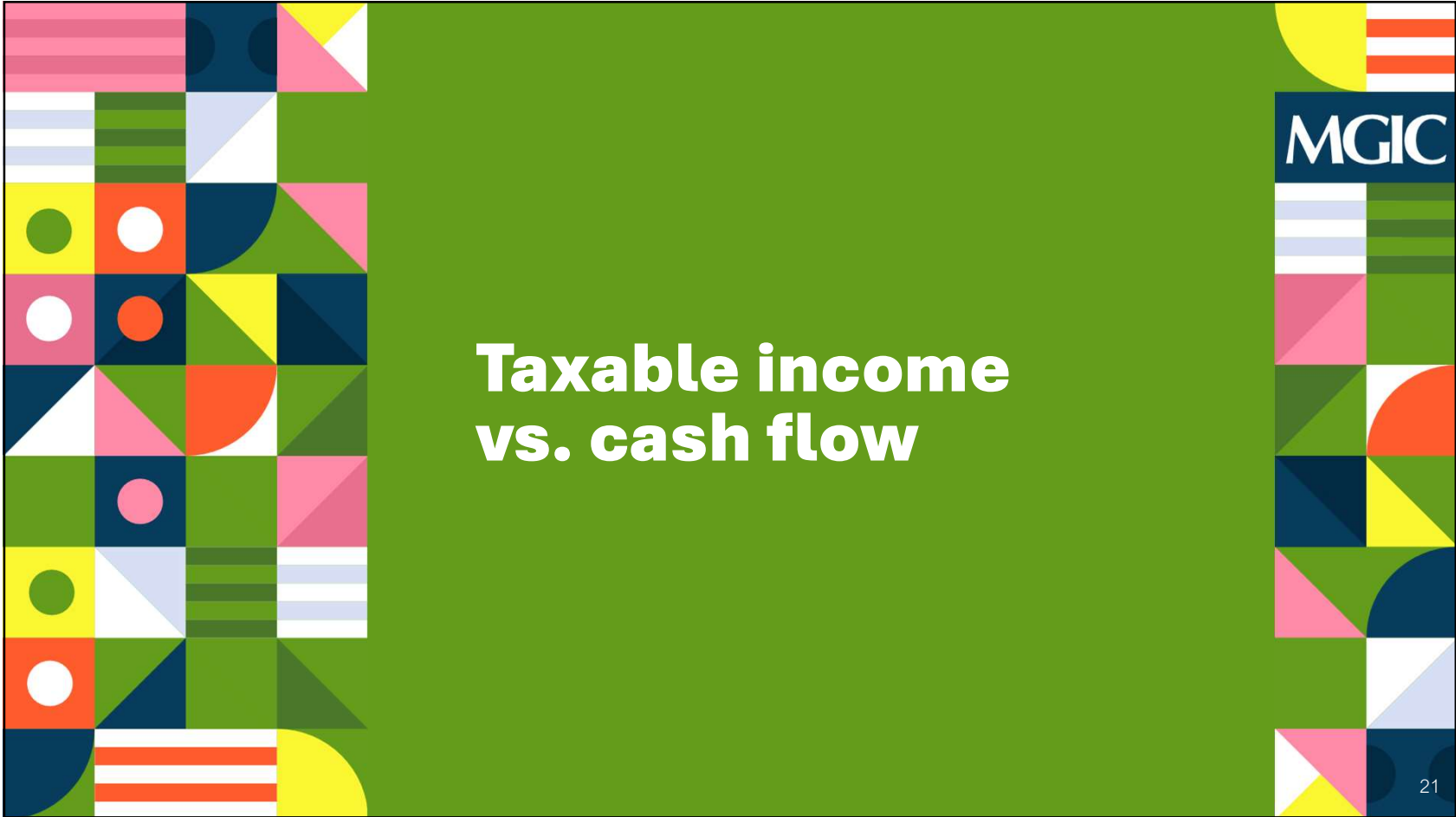
The following matrix identifies the documentation you need from self-employed borrowers to substantiate the various types of income they may receive from different business structures.

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.

7H-43865 11/23





**Taxable income
vs. cash flow**

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3 key concepts

- 1 Noncash expenses
- 2 IRS limited loss/expenses
- 3 Recurring and nonrecurring income and expenses

Taxable vs. qualifying income

**Start
with taxable
income**



Add back

- Noncash expenses
- Business use of home
- One-time losses



Subtract

- Nonrecurring income
- **Account for** limited IRS expenses
- **Review** mortgages due in less than a year

SAM Cash Flow Worksheet

mgic.com/seb

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SAM Cash Flow Analysis Worksheet

Corporation Cash Flow		
Evaluate business income as required by your investor.		
X	CORPORATION	Name:
FORM W-2		
46	Wages: W-2, Box 5 (in general)	
FORM 1120		
47	Taxable Income: LINE 30	
48	Total Tax: LINE 31	()
49	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9	
50	Deduct nonrecurring income/add nonrecurring loss: LINE 10	
51	Depreciation: LINE 20	
52	Depletion: LINE 21	
53	Amortization/Casualty Loss (only if noted): LINE 26 from attached schedule	
54	Net Operating Loss and Special Deductions: LINES 29a & b	
55	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	()
56	Travel and Entertainment Exclusion: Schedule M-1, LINE 5c	()
SUBTOTAL		
57	Multiplied by Ownership Percentage	
58	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5	()
Corporation's Total Share of Income (Loss)		



Meet the borrowers

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James & Jessica Johnson

- Married, no dependents
- James has an interest in 3 companies
- Jessica has an interest in 2 companies
- Own 3 rental properties (Schedule E, page 1)

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Borrowers' businesses

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

Position or Title OWNER

Start Date 02 / 15 / 2021 (mm/dd/yyyy)

How long in this line of work? 3 Years Months

Gross Monthly Income

Base \$ /month

Overtime \$ /month

Bonus \$ /month

Commission \$ /month

Military Entitlements \$ /month

Check if this statement applies:

I am employed by a family member, property seller, real estate agent, or other party to the transaction.

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

Employer or Business Name CREATIVE DESIGN CONCEPTS Phone (731) 122 - 8544

Street 1000 INNOVATIONS WAY Unit #

City JACKSON State TN ZIP 38301 Country USA

Position or Title OWNER

Start Date 10 / 01 / 2017 (mm/dd/yyyy)

How long in this line of work? 6 Years Months

Gross Monthly Income

Base \$ /month

Overtime \$ /month

Bonus \$ /month

Commission \$ /month

Military Entitlements \$ /month

Other \$ /month

TOTAL \$ 0.00/month

Check if you are the Business Owner or Self-Employed

I have an ownership share of less than 25%. **Monthly Income (or Loss)**

I have an ownership share of 25% or more. \$ 5652

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Meet Jessica Johnson


50% partner in Equitable Property Group, LLC (property owner)

- Schedule E, page 2
- Partnership Schedule K-1
- Form 1065
- Form 8825

100% owner of Creative Design Concepts, Inc.


- SEB W-2
- Form 1120

creativedesignconcepts.com




Creative Design Concepts

Offering everything you need to transform your space



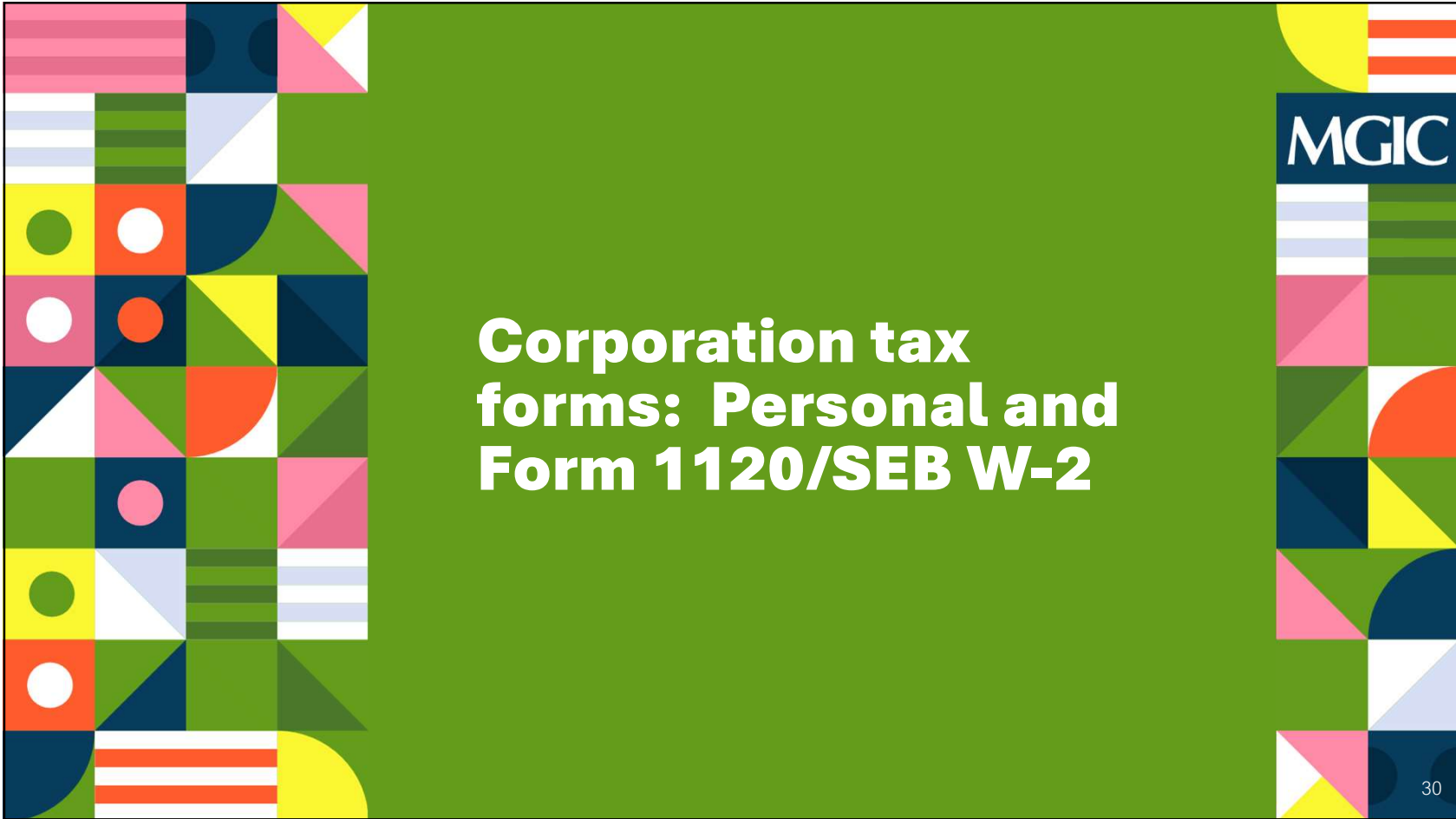
Founded in 2017, we are a public architecture, engineering, and interior design firm that creates solutions to transform your space and elevate your experience.



As both a CLASS A contractor and registered architect, Jessica Johnson and her team find solutions to common client needs and building demands.

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A decorative border surrounds the central text. It features a grid of colorful geometric shapes (squares, triangles, circles) in shades of pink, blue, yellow, green, and orange. The MGIC logo is positioned in the upper right corner of the border, consisting of the letters 'MGIC' in white on a dark blue background. The number '30' is located in the bottom right corner of the border.

**Corporation tax
forms: Personal and
Form 1120/SEB W-2**

Form 1040

Case study, page 16

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Form **1040** Department of the Treasury—Internal Revenue Service **2023** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2023, or other tax year beginning _____, 2023, ending _____, 2023. See separate instructions.

Your first name and middle initial: James
Last name: Johnson
Your social security number: 000 100 1000

If joint return, spouse's first name and middle initial: Jessica
Last name: Johnson
Spouse's social security number: 000 100 1001

Presidential Election Campaign: You Spouse

Safe, accurate, FAST! Use **IRS e-file** Visit the IRS website at www.irs.gov/efile

Employee's social security number: 000-00-0001 OMB No. 1545-0008

Employer identification number (EIN): 00-000000

Employer's name, address, and ZIP code: Creative Design Concepts, Inc., 1000 Innovations Way, Jackson, TN 38301

Control number: _____

Employee's first name and initial: Jessica Last name: Johnson Subj: _____

1750 Prosperity Drive, Jackson, TN 38305

Employee's address and ZIP code: _____

15 State: _____ 16 State wages, tips, etc.: _____ 17 State income tax: _____ 18 Local wages, tips, etc.: _____ 19 Local income tax: _____ 20 Locality name: _____

1	Wages, tips, other compensation	60,000	2	Federal income tax withheld	15,000
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	
9			10	Dependent care benefits	
11	Nonqualified plans		12a	See instructions for box 12	14,500
13	Statutory	Retirement	12b		
14	Other	Voluntary	12c		
		Contributions	12d		

Form **W-2** Wage and Tax Statement 2023 Department of the Treasury—Internal Revenue Service

Copy B - To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service.

1a	Total amount from Form(s) W-2, box 1 (see instructions)	60,000	1a	60,000
b	Household employee wages not reported on Form(s) W-2		1b	
c	Tip income not reported on line 1a (see instructions)		1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		1d	
e	Taxable dependent care benefits from Form 2441, line 26		1e	
f	Employer-provided adoption benefits from Form 8839, line 29		1f	
g	Wages from Form 8919, line 6		1g	
h	Other earned income (see instructions)		1h	0
i	Nontaxable combat pay election (see instructions)	1i		
z	Add lines 1a through 1h		1z	60,000
2a	Tax-exempt interest	2a	2b	1,700
3a	Qualified dividends	6,900	3b	6,900
4a	IRA distributions	4a	4b	
5a	Pensions and annuities	5a	5b	
6a	Social security benefits	6a	6b	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here		7	-1,000
8	Additional income from Schedule 1, line 10		8	151,255
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		9	218,855
10	Adjustments to income from Schedule 1, line 26		10	6,952
11	Subtract line 10 from line 9. This is your adjusted gross income		11	211,903
12	Standard deduction or itemized deductions (from Schedule A)		12	27,700
13	Qualified business income deduction from Form 8905 or Form 8995-A		13	27,101
14	Add lines 12 and 13		14	54,801
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income		15	157,102

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

Form W-2

Case study, page 65

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3W9848 2-000		Employee's social security number 000-00-0001		OMB No. 1545-0008	Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov/efile
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		
d Control number			5 Medicare wages and tips 74,500	6 Medicare tax withheld 1,080		
e Employee's first name and initial Jessica Johnson			7 Social security tips	8 Allocated tips		
f Employee's address and ZIP code 1750 Prosperity Drive Jackson, TN 38305			9	10 Dependent care benefits		
			11 Nonqualified plans	12a See instructions for box 12 D 14,500		
			13 Statutory employee Retirement plan Third-party sick pay	12b		
			14 Other	12c		
				12d		

SAM Cash Flow Analysis Worksheet				MGIC
X	CORPORATION	Name Creative Design Concepts, Inc	2023	2022
FORM W-2				
48	Wages: W-2, Box 5 (in general)	\$ 74,500.00	\$ 54,000.00	
FORM 1120				

000-00-0001		OMB No. 1545-0008		Safe, accurate, FAST! Use IRS e-file	Visit the IRS website at www.irs.gov/efile	
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		
d Control number			5 Medicare wages and tips 54,000	6 Medicare tax withheld 783		
e Employee's first name and initial Jessica Johnson			7 Social security tips	8 Allocated tips		
f Employee's address and ZIP code 1750 Prosperity Drive Jackson, TN 38305			9	10 Dependent care benefits		
			11 Nonqualified plans	12a See instructions for box 12 D 4,000		
			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** Department of the Treasury - Internal Revenue Service
Copy B - To Be Filed With Employee's FEDERAL Tax Return.

Form 1125-E

Form 1125-E Compensation of Officers
 (Rev. October 2016) OMB No. 1545-0123
 Department of the Treasury Internal Revenue Service

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120ES.
 ▶ Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125e.

Name: CREATIVE DESIGN CONCEPTS, INC. Employer identification number: _____
 Note: Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of officer.

(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
2 Total compensation of officers					2 74,500
3 Compensation of officers claimed on Form 1125-A or elsewhere on return					3
4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return					4 74,500

For Paperwork Reduction Act Notice, see separate instructions. Form **1125-E** (Rev. 10-2016)

Owner's name

Owner's compensation

Owner's interest

Form 1

Case study,
page 57

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1120 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.

OMB No. 1545-0047
2023

A Check if:
1 Consolidated return (attach Form 9811)
2 Personal holding co (attach Form 970)
3 Personal service corp. (see instructions)
4 Schedule M-3

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

Address change

3W9448 2.000

a Employer's social security number: 000-00-0001

b Employer identification number (EIN): 00-0000000

c Employer's name, address, and ZIP code:
Creative Design Concepts, Inc.
1000 Innovations Way
Jackson, TN 38301

d Control number

e Employee's first name and initial: Jessica Johnson
Last name: Johnson
Surf.:
1750 Prosperity Drive
Jackson, TN 38305

f Employee's address and ZIP code

1 Wages, tips, other compensation: 60,000	2 Federal income tax withheld: 15,000
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: 74,500	8 Allocated tips: 1,080
9	10 Dependent care benefits:
11 Nonqualified plans	12a See instructions for box 12: 14,500
13 Retirement plan: 0	12b Other: 0
14 Other: 0	12c Other: 0
15 State wages, tips, etc.: 2,400	16 State income tax: 2,400
17 Local wages, tips, etc.: 7,200	18 Local income tax: 10,000
19 Other: 9,000	20 Other: 10,000
21 Pension, profit-sharing, etc., plans: 13,000	22 Other: 18,000

W-2 Wage and Tax Statement
Form W-2
Copy 9 - To be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Department of the Treasury - Internal Revenue Service
2023

724,200
390,000
334,200
334,200
74,500
120,000
36,000
2,400
7,200
10,000
9,000
10,000
13,000
18,000
2,800
302,900
31,300
31,300
6,570
4,200
2,370

Form 1125-E Compensation of Officers
(Rev. October 2016)
Department of the Treasury Internal Revenue Service

Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.
Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125e.

OMB No. 1545-0123

Name: CREATIVE DESIGN CONCEPTS, INC.
Employer identification number: 00-0000000

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
		%	%	%	

Preparer Use Only
Firm's name: V.I.F. TAX INC.
Firm's address: 3 PEACHTREE LANE JACKSON, TN 38305

Firm's EIN: 00-0000000
Phone no.

knowledge and belief, it is true, correct.
May the IRS discuss this return with the preparer shown below? See instructions. Yes No
 if PTIN employed

31,300

1120 U.S. Corporation Income Tax Return
 Form Department of the Treasury Internal Revenue Service
 For calendar year 2023 or tax year beginning ending
 Go to www.irs.gov/Form1120 for instructions and the latest information.

OMB No. 1545-0047
2023

A Check if:
 1a Consolidated return (attach Form 990)
 1b Nonconsolidated return (attach Form 990)
 2 Personal holding company (attach Schedule H)
 3 Foreign private issuer (see instructions)
 4 Schedule M-3 attached

Name: CREATIVE DESIGN CONCEPTS, INC.
Address: 1000 INNOVATIONS WAY JACKSON, TN 38301
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) Initial return
 (2) Final return
 (3) Name change
 (4) Address change

1a	Gross receipts or sales	1a	724,200
b	Returns and allowances	1b	
c	Balance. Subtract line 1b from line 1a	1c	724,200
2	Cost of goods sold (attach Form 1125-A)	2	390,000
3	Gross profit. Subtract line 2 from line 1c	3	334,200
4	Dividends and inclusions (Schedule C, line 23)	4	
5	Interest	5	
6	Gross rents	6	
7	Gross royalties	7	
8	Capital gain net income (attach Schedule D (Form 1120))	8	
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
10	Other income (see instructions - attach statement)	10	
11	Total income. Add lines 3 through 10	11	334,200
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	10,000
22	Advertising	22	13,000
23	Pension, profit-sharing, etc. plans	23	18,000
24	Employee benefit programs	24	
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
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	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. Refunded	37	

Sign Here
 Signature of officer: _____ Date: _____ Title: _____
 Print/Type preparer's name: _____ Preparer's signature: _____ Date: _____
 Firm's name: V. I. P. TAX INC.
 Firm's address: 3 PEACHTREE LANE JACKSON, TN 38305
 Firm's EIN: 00-0000000
 Phone no.: _____

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

mortgage guaranty insurance corporation

SAM Cash Flow Analysis Worksheet

X	CORPORATION	Name	Creative Design Concepts, Inc	2023
		FORM W-2		
48		Wages: W-2, Box 5 (in general)		\$ 74,500.00
		FORM 1120		
49		Taxable Income: LINE 30		\$ 31,300.00
50		Total Tax: LINE 31		(\$ 6,570.00)
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		\$ 24,730.00
59		Multiplied by Ownership Percentage		
60		Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5		()
		Corporation's Total Share of Income (Loss)		\$ -

1120 U.S. Corporation Income Tax Return
 Form 1120-1001
 Department of the Treasury Internal Revenue Service

For calendar year 2023 or tax year beginning 2023, ending 2023
 Go to www.irs.gov/Form1120 for instructions and the latest information.

OMB No. 1545-0047

A Check if:
 1a Consolidated return (attach Form 990)
 1b Domestic consolidated return (attach Form 990)
 2 Federal filing only (attach Sub. PH)
 3 Personal services (see instructions)

B Employer identification number
 00-0000000

C Date incorporated
 10/01/2017

D Total assets (see instructions)
 237,036

E Check if:
 (1) Initial return (2) Final return (3) Name change (4) Address change

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

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
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 Amortization **22** 30,000
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
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 **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 **37** Refunded

Sign Here
 Signature of officer _____ Date _____ Title _____
 Print/Type preparer's name _____ Preparer's signature _____ Date _____
 Firm's name V.T.P. TAX INC. Firm's EIN 00-0000000
 Firm's address 3 PEACHTREE LANE Phone no. _____
 JACKSON, TN 38305

Form 1120 (2023)

mortgage guaranty insurance corporation

SAM Cash Flow Analysis Worksheet

CORPORATION	Name	2023
FORM W-2		
48	Wages: W-2, Box 5 (in general)	\$ 74,500.00
FORM 1120		
49	Taxable Income: LINE 30	\$ 31,300.00
50	Total Tax: LINE 31	(\$ 6,570.00)
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9	
52	Deduct nonrecurring income/add nonrecurring loss: LINE 10	
53	Depreciation: LINE 20	\$ 9,000.00
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	\$ 33,730.00
59	Multiplied by Ownership Percentage	
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5	
	Corporation's Total Share of Income (Loss)	\$ -

1120 U.S. Corporation Income Tax Return
 Form 1120-00000000
 Department of the Treasury Internal Revenue Service
 For calendar year 2023 or tax year beginning _____, ending _____
 Go to www.irs.gov/Form1120 for instructions and the latest information.

OMB No. 1545-0123
2023

A Check if:
 a Consolidated return (attach Form 990)
 b Life insurance contract (attach return)

NAME: CREATIVE DESIGN CONCEPTS, INC.
 TYPE: S C E F P Q R S T U V W X Y Z

Employer identification number: 00-0000000
 Date incorporated: _____

Form 1120, Page 1 Detail

Line 26 - Other Deductions

Amortization	1,200
Meals	400
Travel & Lodging	1,200
Total	2,800

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 2220)	25	
26	Other deductions (attach statement) SEE STATEMENT	26	2,800
27	Total deductions. Add lines 12 through 26	27	32,800
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	31,300
29a	Net operating loss deduction (see instructions)	29a	
b	Special deductions (Schedule C, line 24)	29b	
c	Add lines 29a and 29b	29c	
30	Taxable income. Subtract line 29c from line 28. See instructions	30	31,300
31	Total tax (Schedule J, 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	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. Refunded	37	

Sign Here: Signature of officer, Date, Title, Preparer's signature, Date, Check if PTIN self-employed, Firm's EIN, Firm's address, Phone no.

Preparer: V.T.P. TAX INC., 3 PEACHTREE LANE, JACKSON, TN 38305

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

SAM Cash Flow Analysis Worksheet

X	CORPORATION	Name	Creative Design Concepts, Inc	2023
		FORM W-2		
48	Wages: W-2, Box 5 (in general)			\$ 74,500.00
		FORM 1120		
49	Taxable Income: LINE 30			\$ 31,300.00
50	Total Tax: LINE 31			(\$ 6,570.00)
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9			
52	Deduct nonrecurring income/add nonrecurring loss: LINE 10			
53	Depreciation: LINE 20			\$ 9,000.00
54	Depletion: LINE 21			
55	Amortization/Casualty Loss (only if noted): LINE 26 from attached schedule			\$ 1,200.00
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			\$ 34,930.00
59	Multiplied by Ownership Percentage			
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5			()
	Corporation's Total Share of Income (Loss)			\$ -

Form 1120, Schedule L

Form 1120 (2023) Page 6

Schedule L Balance Sheets per Books Beginning of tax year End of tax year

1	Cash				
2a	Trade notes				
b	Less allowance				
3	Inventories				
4	U.S. government securities				
5	Other current assets				
6	Loans to and for other corporations				
7	Mortgages and other loans				
8	Other investments				
9	Buildings and other real estate				
10a	Buildings and other real estate				
b	Less accumulated depreciation				
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	30,000	30,000	30,000	30,000
b	Common stock				
23	Additional paid-in capital				
24	Retained earnings - Appropriated (attach statement)				
25	Retained earnings - Unappropriated (attach statement)		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 the return (itemize):	
2	Federal income tax per books	5,700		Tax-exempt interest	
3	Excess of capital losses over capital gains		8	Deductions on this return not charged against book income this year (itemize):	
4	Income subject to tax not recorded on books this year (itemize):		a	Depreciation	1,000
5	Expense recorded on books this year not deducted on this return (itemize):		b	Charitable contributions	
a	Depreciation				
b	Charitable contributions				
c	Travel and entertainment	400	9	Add lines 7 and 8	1,000
d	Other expenses		10	Income (page 5, line 25), line 6 less line 9	31,300
6	Net income (loss) per books	26,200			

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	
4	Add lines 1, 2, and 3	182,473	6	Other decreases (itemize):	
			7	Add lines 5 and 6	6,400
			8	Balance at end of year (line 4 less line 7)	176,073

mortgage guaranty insurance corporation

SAM Cash Flow Analysis Worksheet

X	CORPORATION	Name	Creative Design Concepts, Inc	2023
FORM W-2				
48	Wages: W-2, Box 5 (in general)			\$ 74,500.00
FORM 1120				
49	Taxable income: LINE 30			\$ 31,300.00
50	Total Tax: LINE 31			(\$ 6,570.00)
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9			
52	Deduct nonrecurring income/add nonrecurring loss: LINE 10			
53	Depreciation: LINE 20			\$ 9,000.00
54	Depletion: LINE 21			
55	Amortization/Casualty Loss (only if noted): LINE 26 from attached schedule			\$ 1,200.00
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			(\$ 15,000.00)
58	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 5c			(\$ 400.00)
SUBTOTAL				
				\$ 19,530.00
59	Multiplied by Ownership Percentage			100.00%
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5			()
Corporation's Total Share of Income (Loss)				\$ 19,530.00

Form 1120, Schedule L

Form 1120 (2023) Page 6

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				
23 Additional paid-in capital				
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated				
26 Adjustments to shareholders' equity (attach statement)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income

Note: This corporation has:

1 Net income (loss) per books			
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):			
a Depreciation			
b Charitable contributions			
c Travel and entertainment	400		1,000
6 Add lines 1 through 5	32,300		31,300
7 Income (page 1, line 28), line 8 less line 9			

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

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

SAM Cash Flow Analysis Worksheet

X	CORPORATION	Name	Creative Design Concepts, Inc	2023
		FORM W-2		
48	Wages: W-2, Box 5 (in general)			\$ 74,500.00
		FORM 1120		
49	Taxable Income: LINE 30			\$ 31,300.00
50	Total Tax: LINE 31			(\$ 6,570.00)
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9			
52	Deduct nonrecurring income/add nonrecurring loss: LINE 10			
				\$ 9,000.00
				\$ 1,200.00
				(\$ 15,000.00)
				(\$ 400.00)
				\$ 19,530.00
59	Multiplied by Ownership Percentage			100.00%
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5			(\$ 6,400.00)
				\$ 13,130.00

Multiplied by Ownership Percentage
Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5
Corporation's Total Share of Income (Loss)

Reminder:
 Include corporate earnings in cash flow only if the borrower is a 100% owner, as generally required by investors.

()
 \$ -

mortgage guaranty insurance corporation

Schedule B

Case study, pages 29 -21

mortgage guaranty insurance corporation

SCHEDULE B (Form 1040) Interest and Ordinary Dividends

OMB No. 1545-0074
2023 Attachment Sequence No. 08

Department of the Treasury Internal Revenue Service
Attach to Form 1040 or 1040-SR.
Go to www.irs.gov/ScheduleB for instructions and the latest information.

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

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

	Amount
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> 500. <u>J & J Property Solutions</u> 1,200.	
2 Add the amounts on line 1	1,700.
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	
4 Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b	1,700.
Note: If line 4 is over \$1,500, you must complete Part III.	
Part II Ordinary Dividends (See instructions and the Instructions for Form 1040.)	
5 List name of payer: <u>IBM</u> 500. <u>Creative Design Concepts</u> 6,400.	

X SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT		2023	2022
1	Recurring Interest Income: LINE 1 or 1040 LINE 2b	\$ 1,200.00	\$ 1,200.00
2	Recurring Dividend Income: LINE 5 or 1040 LINE 3b	\$ 6,400.00	\$ 2,500.00
SUBTOTAL		\$ 7,600.00	\$ 3,700.00

Accounts and Trusts

Caution: If required, failure to file FinCEN Form 114 may result in substantial penalties. Additionally, you may be required to file Form 8938, Statement of Specified Foreign Financial Assets. See instructions.

	Yes	No
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		X
If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements		
b If you are required to file FinCEN Form 114, list the name(s) of the foreign country(-ies) where the financial account(s) is (are) located:		
8 During 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		X

For Paperwork Reduction Act Notice, see your tax return instructions. BAA REV 01/23/24 TTW Schedule B (Form 1040) 2023

Effect on cash flow analysis

mortgage guaranty insurance corporation

SAM Cash Flow Analysis Worksheet		MGIC		
X	CORPORATION	Name Creative Design Concepts, Inc	2023	2022
FORM W-2				
48	Wages: W-2, Box 5 (in general)		\$ 74,500.00	\$ 54,000.00
FORM 1120				
49	Taxable Income: LINE 30		\$ 31,300.00	\$ 25,800.00
50	Total Tax: LINE 31		(\$ 6,570.00)	(\$ 5,824.00)
51	Deduct nonrecurring gains/add nonrecurring losses: LINES 8 & 9			
52	Deduct nonrecurring income/add nonrecurring loss: LINE 10			
53	Depreciation: LINE 20		\$ 9,000.00	\$ 8,500.00
54	Depletion: LINE 21			
55	Amortization/Casualty Loss (only if noted): LINE 26 from attached schedule		\$ 1,200.00	\$ 1,200.00
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		(\$ 15,000.00)	(\$ 10,000.00)
58	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 5c		(\$ 400.00)	(\$ 450.00)
	SUBTOTAL		\$ 19,530.00	\$ 19,226.00
59	Multiplied by Ownership Percentage		100.00%	100.00%
60	Dividends Paid to Borrower: Form 1040, Schedule B, LINE 5		(\$ 6,400.00)	(\$ 5,400.00)
	Corporation's Total Share of Income (Loss)		\$ 13,130.00	\$ 13,826.00
			\$87,630.00	\$67,826.00

Cash flow analysis summary

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.

CORPORATION CASH FLOW SUBTOTALS:

1	W-2 Wages Creative Design Concepts, Inc.	<input type="checkbox"/>	\$ 74,500.00	12	<input type="checkbox"/>	\$ 54,000.00	12	\$ 5,354.17	24
	Form 1120 Creative Design Concepts, Inc.	<input type="checkbox"/>	\$ 12,930.00	12	<input type="checkbox"/>	\$ 13,826.00	12	\$ 1,114.83	24
	Corporation Creative Design Concepts, Inc. Subtotal		\$ 87,430.00			\$ 67,826.00		\$ 6,469.00	

CORPORATION CASH FLOW SUBTOTALS:

2	W-2 Wages Creative Design Concepts, Inc.	<input checked="" type="checkbox"/>	\$ 74,500.00	0	<input type="checkbox"/>	\$ 54,000.00	12	\$ 4,500.00	12
	Form 1120 Creative Design Concepts, Inc.	<input checked="" type="checkbox"/>	\$ 12,930.00	0	<input type="checkbox"/>	\$ 13,826.00	12	\$ 1,152.17	12
	Corporation Creative Design Concepts, Inc. Subtotal		\$ -			\$ 67,826.00		\$ 5,652.17	

YTD Profit & Loss

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	<u>\$ 18,000</u>
Net Profit:	\$ 7,699

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Business Returns

1120 U.S. Corporation Income Tax Return
For calendar year 2023 or tax year beginning ending 2023
Go to www.irs.gov/Form1120 for instructions and the latest information.

A. Check all that apply:
 Sole proprietorship
 Partnership
 Trust
 C Corporation
 S Corporation

Name: CREATIVE DESIGN CONCEPTS, INC.
Number, street, and town or city: 1000 INNOVATIONS WAY JACKSON, TN 38301
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 all that apply:
 (1) Initial return
 (2) Final return
 (3) Name change
 (4) Address change

1a	Gross receipts or sales	724,200
b	Returns and allowances	1b
c	Balance. Subtract line 1b from line 1a	724,200
2	Cost of goods sold (attach Form 1125-A)	390,000
3	Gross profit. Subtract line 2 from line 1c	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	334,200
12	Compensation of officers (see instructions - attach Form 1125-E)	74,500
13	Salaries and wages (less employment credits)	120,000
14	Repairs and maintenance	14
15	Bad debts	15
16	Rents	36,000
17	Taxes and licenses	2,400
18	Interest (see instructions)	7,200
19	Charitable contributions	10,000
20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	9,000
21	Depletion	21
22	Advertising	10,000
23	Pension, profit-sharing, 401(k), etc.	13,000
24	Employee benefit programs	18,000
25	Energy efficient commercial buildings deductions (attach Form 7209)	25
26	Other deductions (attach statement) - SEE STATEMENT	2,800
27	Total deductions. Add lines 12 through 26	302,900
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	31,300
29a	Net operating loss deduction (see instructions)	29a
b	Special deductions (Schedule C, line 24)	29b
c	Add lines 29a and 29b	29c
30	Taxable income. Subtract line 29c from line 28. See instructions	31
31	Total tax (Schedule J, Part I, line 11)	6,570
32	Reserved for future use	32
33	Total payments and credits (Schedule J, Part II, line 23)	4,200
34	Estimated tax penalty. See instructions. Check if Form 2220 is attached	34
35	Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed	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. Refunded	37

Sign Here: Signature of officer: _____ Date: _____ Title: _____
 Preparer's signature: _____ Date: _____
 If self-employed
 If PTIN
 If not

Preparer Use Only: Preparer's name: V. I. F. TAX, INC.
 Firm's address: 3 PEACHTREE LANE JACKSON, TN 38305
 Firm's EIN: 00-0000000
 Phone no.: _____

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

YTD Profit & Loss

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		<u>\$ 18,000</u>
Net Profit:		\$ 7,699

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Profit and Loss Statement Analysis

MGIC

Corporation Cash Flow

Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

CORPORATION	Creative Design Concepts	
Time Frame (i.e., YTD, quarterly):	YTD	
Date From:	1/1/2024	
Date Paid Through:	3/31/2024	
Taxable Income:	\$ 7,699.00	
Total Tax:	\$ 1,924.00	()
Deduct nonrecurring income:	()	()
Add nonrecurring loss:		
Depreciation:	\$ 2,225.00	
Depletion:		
Amortization/Casualty Loss:	\$ 300.00	
Other: Meals	\$ (125.00)	
SUBTOTAL	\$ 8,175.00	\$ -
Multiplied by Ownership Percentage:	100%	
Corporation's Total Share of Income (Loss):	\$ 8,175.00	\$ -
Wages:	\$ 18,000.00	
Total Income:	\$ 26,175.00	\$ -
Monthly Income:	\$ 8,725.00	\$ -

A decorative border surrounds the central text. It features a grid of nautical signal flags in various colors (pink, blue, yellow, green, orange, white) and patterns (solid, stripes, circles). The MGIC logo is positioned in the upper right corner of the border, consisting of the letters 'MGIC' in white on a dark blue background. The number '45' is located in the bottom right corner of the border.

Financial statements

Commonly used financial statements

Income statement

- Specific period of time
 - Annual
 - Quarterly
 - YTD

Balance sheet

- Specific date
 - March 31, 2024

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Who prepares the financial statements?

- Accountant
- Tax professional
- Borrower



Audited or not ... What's the big deal?

Unaudited statements

- Majority of time
- Self-prepared or third-party prepared
- Used for supporting documentation

Audited statements

- Rarely received
- Requires third-party verification of information by examining records – costly and time-consuming
- May be used for qualifying

Support with LOE/balance sheet/bank statements if needed







SEB Documentation Matrix

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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.

7H-43865 11/23

When are financial statements typically needed?

- Loan application is dated > 120 days after the end of the business's tax year
- Tax returns are on extension
- Significant income/loss difference between 2 years of tax returns



Financial statements

Income statement

- Profitability and growth
- Summary over time
 - Revenues
 - Costs/expenses
 - Net profit

$$\text{Revenue} - \text{Cost/Expenses} = \text{Net Profit}$$

Balance sheet

- Financial well-being
- Snapshot picture
 - Assets
 - Liabilities
 - Owners' equity

$$\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$$

Sample Business Balance Sheet

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Assets	
Current Assets	
Cash	\$ 23,650
California State municipal bond	6,000
Accounts receivable	45,900
Less allowance for bad debt	(4,590)
US Bank Certificate of Deposit	17,400
Inventory	73,195
Total Current Assets	161,555
Fixed Assets	
Building	190,000
Less accumulated depreciation	(55,400)
Total Fixed Assets	134,600
Other Assets	
Investment in Maddox	128,500
US Treasury Bill	5,000
Total Other Assets	133,500
Total Assets	\$ 429,655
Liabilities	
Current Liabilities	
Accounts payable	19,300
Mortgage payable	21,850
Credit card payable	3,610
Total Current Liabilities	44,760
Other Liabilities	
Mortgage payable	104,180
Profit-sharing liability	8,450
Total Other Liabilities	112,630
Total Liabilities	157,390
Equity	
Equity	
Capital stock	2,000
Additional paid-in capital	50,000
Retained earnings	220,265
Total Equity	272,265
Total Liabilities and Equity	\$ 429,655

Assets = Liabilities + Owners' Equity

Schedule L Balance Sheet

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Form 4190 (2023) Page **6**

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

Assets = Liabilities + Owners' Equity

Creative Design Concepts Income Statement

Case study, page 75

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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	\$ 500
Total Expenses	<u>\$ 72,851</u>
Net Income	\$ 25,699
Owner's compensation	<u>\$ 18,000</u>
Net Profit:	\$ 7,699

Revenue – Cost/Expenses = Net Profit

Creative Design Concepts Income Statement

Revenue

Sales

Other income sources

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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

Creative Design Concepts Income Statement

Expenses

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	\$ 500
Total Expenses	<u>\$ 72,851</u>
Net Income	\$ 25,699
Owner's compensation	<u>\$ 18,000</u>

Creative Design Concepts Income Statement

Net profit

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	\$ 500
Total Expenses	<u>\$ 72,851</u>
Net Income	\$ 25,699
Owner's compensation	<u>\$ 18,000</u>
Net Profit:	\$ 7,699

Revenue - Cost/Expenses = Net Profit

1120-S Income Statement

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1120		U.S. Corporation Income Tax Return				OMB No. 1545-0123
Form 1120-SS Department of the Treasury Internal Revenue Service		For calendar year 2023 or tax year beginning _____, ending _____ Go to www.irs.gov/Form1120 for instructions and the latest information.				2023
A Check if:		Name			B Employer identification number	
1a Consolidated return (attach Form 990)		CREATIVE DESIGN CONCEPTS, INC.			00-0000000	
1b Return of a partnership (attach Form 990-B)		Number, street, and room or suite no. if a P.O. box, see instructions.			C Date incorporated	
2 Personal holding company (attach Form 990)		1000 INNOVATIONS WAY			10/01/2017	
3 Schedule M-3 (attach Form 990)		City or town, state or province, county, and ZIP or foreign postal code			D Total assets (see instructions)	
		JACKSON, TN 38301			\$ 237,036	
4 Schedule M-3 (attach Form 990)		E Check if:			F Name change	
		Initial return (1)			Final return (2)	
		Name change (3)			Address change (4)	
		1a			724,200	
		1b			724,200	
		1c			724,200	
		2			390,000	
		3			334,200	
		4				
		5				
		6				
		7				
		8				
		9				
		10				
		11			334,200	
		12			74,500	
		13			120,000	
		14				
		15				
		16			36,000	
		17			2,400	
		18			7,200	
		19			10,000	
		20			9,000	
		21				
		22			10,000	
		23			13,000	
		24			18,000	
		25				
		26			2,800	
		27			302,900	
		28			31,300	
		29a				
		29b				
		30			31,300	
		31				
		32				
		33			4,200	
		34				
		35			2,370	
		36				
		37				

Fannie Mae – Guidance

Selling Guide –
Published 03/06/2024

B3-3.2-01: Underwriting
Factors and
Documentation for a
Self-Employed Borrower
(12/13/2023)

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The screenshot shows the Fannie Mae website interface. At the top, there is a navigation bar with the Fannie Mae logo and links for About Us, Business Partners, Homeowners & Renters, Research & Insights, Newsroom, Careers, Contact Us, and Login. Below this is a secondary navigation bar with links for SINGLE FAMILY, Originating & Underwriting, Pricing & Execution, Servicing, Delivering, Learning Center, Apps & Technology, and News & Events. A red banner below the navigation bar reads "COVID-19 UPDATE: Find out how Fannie Mae is responding." The main content area has a teal header with the title "Selling Guide" and a sub-header "Analysis of Borrower's Business Income". The text below explains that when a borrower relies on self-employed income, the lender must prepare a written evaluation of its analysis of the borrower's business income. It lists four purposes of this analysis: considering recurring nature of income, measuring year-to-year trends, determining percentage of gross income attributed to expenses and taxable income, and determining a trend for the business. It also mentions that the lender may use Fannie Mae's Comparative Income Analysis (Form 1088), the Income Calculator, or any other method of trend analysis. Finally, it states that a copy of the written analysis and conclusions or the Findings Report generated by the Income Calculator must be retained in the loan file.

Freddie Mac – Guidance

Selling Guide –
Published 03/06/2024

5304.1(d): Stable monthly income and documentation requirements for self-employed borrowers – Business and income analysis (02/07/2024)

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Freddie Mac Single-Family

Guide Home Seller/Service Relationship Selling Servicing

THE SINGLE-FAMILY SELLER/SERVICER GUIDE

Search the Guide

What can we help you find?

(d) Business and income analysis

The following chart contains requirements and guidance pertaining to business and income analysis:

Analysis	
Topic	Requirements and guidance
Business and income analysis	<p>Business review and analysis:</p> <p>The Seller's analysis of the business must support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the Borrower.</p> <ul style="list-style-type: none"> The analysis must include a review of the business tax returns The Seller's review must include, at a minimum, an analysis of gross receipts or sales, cost of goods sold and gross profits. All should be typical for the type of business and reflect consistent year over year trends. In addition, the business expenses should be reasonable for the type of business activity and level of business income. Business tenure should be considered. The Seller may determine that review and analysis of the business financial statements, business asset statements, and in the case of Partnerships and S corporations, an analysis of the historical cash distributions, is necessary to establish the financial and liquidity standing of the business. In addition, the Seller may calculate and consider the liquidity ratios of the business using generally accepted accounting practices when analyzing the liquidity of the business. <p>Use of business income reported on the Borrower's federal individual income tax returns</p> <ul style="list-style-type: none"> For sole proprietorships, stable monthly income must be based on the income reported on Schedule C of the Borrower's federal individual income tax returns For Partnerships and S corporations, stable monthly income may be based on the Borrower's proportionate share of income (e.g., ordinary income, guaranteed payments) carried from the Form 1065 or 1120 S, through the Schedule K-1 and onto the Borrower's federal individual income tax returns. Although cash distributions reported on the Schedule K-1 may not be used as qualifying income, they may be used

60



Comparative Income Analysis Worksheet

Line items entered in table

Auto-calculate in matrix:

- % Changes
- Comparisons

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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						
Returns & Allowances						
Cost of Goods Sold						
Total deductions/Total expenses						
- Total deductions for Partnership, S Corporation or Corporation						
- Total expenses for Sole Proprietorship						
Taxable Income						
- Ordinary Income (Loss) for Partnership/S Corporation						
- Taxable Income (Loss) for Corporation						
- Net Profit (Loss) for Sole Proprietorship						

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

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

Comparative Income Analysis Worksheet

YTD entries automatically annualize

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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		
Returns & Allowances		

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	\$ 185,000

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

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

Comparative Income Analysis Worksheet

% Change – Gross Income

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Comparative Income Analysis Worksheet		MGIC					
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	
(CGS + Total deductions/Total expenses)							
% Change		+10%		-2%			

Comparative Income Analysis Worksheet

% Change – Taxable Income

mortgage guaranty insurance corporation

Comparative Income Analysis Worksheet



Use of this information is discretionary. FOLLOW INVESTOR GUIDELINES.

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

	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% *	+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	+11%	+11%	+11%
Taxable Income	\$ 25,800	\$ 31,300	\$ 30,796
	+4%	+4% **	+4% **
% Change	+21%	-2%	

Comparative Income Analysis Worksheet

% Change – Expenses

mortgage guaranty insurance corporation

Comparative Income Analysis Worksheet



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
(CGS + Total deductions/Total expenses)						
% Change		+10%		-2%		+87%*

Comparative Income Analysis Worksheet

*% of Expenses compared to Gross Income

mortgage guaranty insurance corporation

Comparative Income Analysis Worksheet



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						
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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%*	+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%**	+4%**
% Change	+21%	-2%				

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

Comparative Income Analysis Worksheet

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

mortgage guaranty insurance corporation

Comparative Income Analysis Worksheet



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									
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Taxable Income	\$	25,800	\$	31,300	\$	7,699			
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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	+96% *	\$	692,900	+96% *	\$	677,204	+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	+4% **	\$	31,300	+4% **	\$	30,796	+4% *
% Change		+21%		-2%					
*Annual % of Expenses compared to Gross Income **Annual % of Taxable Income compared to Gross Income									

Purpose of cash flow analysis

Verify qualifying income that is:

- Stable
- Likely to continue





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mgic.com/seb

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The screenshot shows the MGIC website's landing page for self-employed borrower and income analysis calculators. The page features a navigation bar with links for Rates, Underwriting, Ordering / Servicing, Training, Tools, Mortgage Connects, and About MGIC. A prominent header section includes the title 'Self-employed borrower and income analysis calculators' and a sub-header 'Editable and auto-calculating worksheets fitted specifically for loan officers and mortgage pros.' Below this is a colorful geometric graphic. A central section titled 'Gain instant access to MGIC's enhanced self-employed borrower and income analysis calculators' includes a photo of a person using a laptop and a list of updates for 2023 and 2024. A testimonial from Amanda, an Underwriter, is featured in a pink box. At the bottom, there is a 'Request access to the worksheets' form with a 'First Name' field containing the name 'Emily'.

MGIC Rates Underwriting Ordering / Servicing Training Tools Mortgage Connects About MGIC [Get a quick quote](#)

Self-employed borrower and income analysis calculators

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

MGIC > underwriting >

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

Request access to the worksheets

Complete this form to gain instant access to our SEB worksheets: SAM Cash Flow Analysis with P&L, Comparative Income Analysis and Liquidity. You can also access our Income Analysis and Rental Income worksheets from this page.

First Name:
Emily

MGIC
worksheets

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The screenshot shows the MGIC website interface. At the top, there is a navigation bar with the MGIC logo and various menu items: Rates, Underwriting, Ordering / Servicing, Training, Tools, Mortgage Connects, and About MGIC. A 'Get a quick quote' button is also present. The main content area features a large header for 'SEB and income analysis calculators and resources' with a colorful geometric graphic. Below this, there are buttons for 'Overview video', 'Updated calculators', 'Additional resources', and 'FAQs'. A secondary section highlights 'Updated cash flow analysis worksheets for tax year 2023', listing features like 'All-in-one self-employed income calculator' and 'Employment and other income calculator'. A video player shows an 'Overview & demo: All-in-one self-employed income calculator'. A yellow banner contains a 'PLEASE NOTE: Download and save a copy to your desktop as a template.' Below this, there are sections for 'Updated calculators', 'FEATURED CALCULATOR' (All-in-one self-employed income calculator), and 'OTHER CALCULATORS' (Employment & other income calculator, Rental income calculator).

Infographic: Characteristics of 5 common self-employed businesses

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CHARACTERISTICS OF 5 COMMON SELF-EMPLOYED BUSINESSES



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.



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

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

71-43866 2/23
*Fannie Mae Selling Guide, December 2022

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choosing MGIC**

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