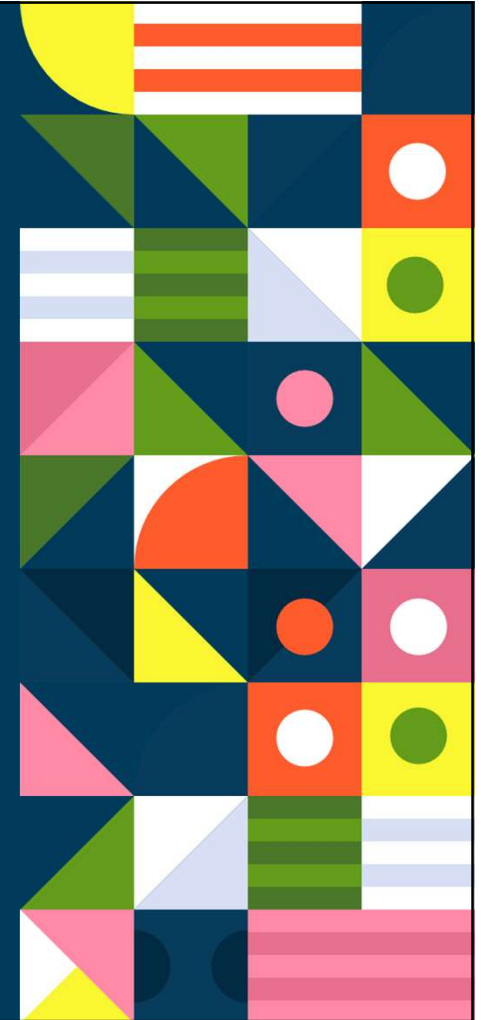


Analyzing Self-Employed Borrowers **TAX YEAR 2023**

Zeroing in on Partnerships

MGIC



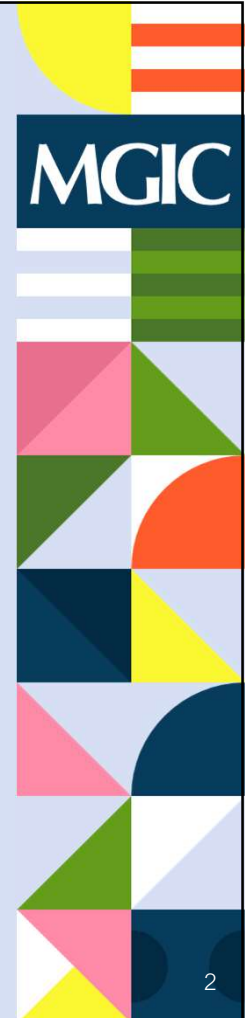
Legal disclaimer

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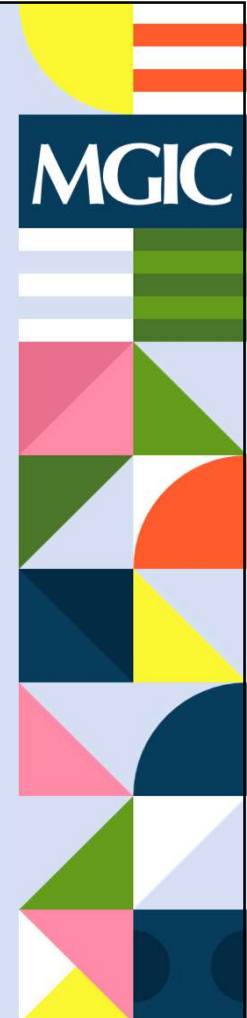
Knowledge leads to confidence!

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Objectives

- Review business structures
- Convert tax entries into cash flow:
 - Partnerships
 - K-1s
 - Guaranteed payments
 - Other income
- Solve a distribution mystery
- Explore LLCs nuances
- Your questions

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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. Depletion	(-) _____	(-) _____
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. Depletion	(-) _____	(-) _____
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 5300. 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 Bulletin 2019-9 05/01/19 Page F91-1

All-in-one self-employed income calculator

Excel XLSM – macro-enabled

Excel XLSX – macro-free

Excel XLSX – macro-free short

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The image displays a stack of software windows from the 'SAM Worksheets' suite. The top-most window is the 'SAM Cash Flow Analysis Worksheet', which includes a 'User Tips' section and a detailed table for 'PERSONAL CASH' and 'PARTNERSHIP CASH'. Below this, other windows are visible, including 'Cash Flow Analysis Summary', 'Liquidity Worksheet', 'Comparative Income Analysis Worksheet', and 'Profit and Loss Statement Analysis'. The 'SAM Cash Flow Analysis Worksheet' window shows a table with columns for 'Net Profit (Loss)', 'Depreciation', 'Non-Deductible Meals and Entertainment Exclusion', 'Business Use of Home', 'Business Motor Fuel', 'Depreciation Rate', and 'Amortization/County Loss'. The bottom of the stack shows a navigation bar with tabs for 'SAM', 'Liquidity', 'Comparative', 'P&L', 'Help Doc', and 'Microsoft instructions'.

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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](#)

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

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

7143866 2/23





*Fannie Mae Selling Guide, December 2022

SEB Documentation Matrix



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.

Partnership



Definition

Business arrangement
between 2 or more people

Liability

Operates according to a
partnership agreement

General partners have
unlimited liability

Taxation

Business files Form 1065

Partner's share of
earnings is reported on
Schedule K-1

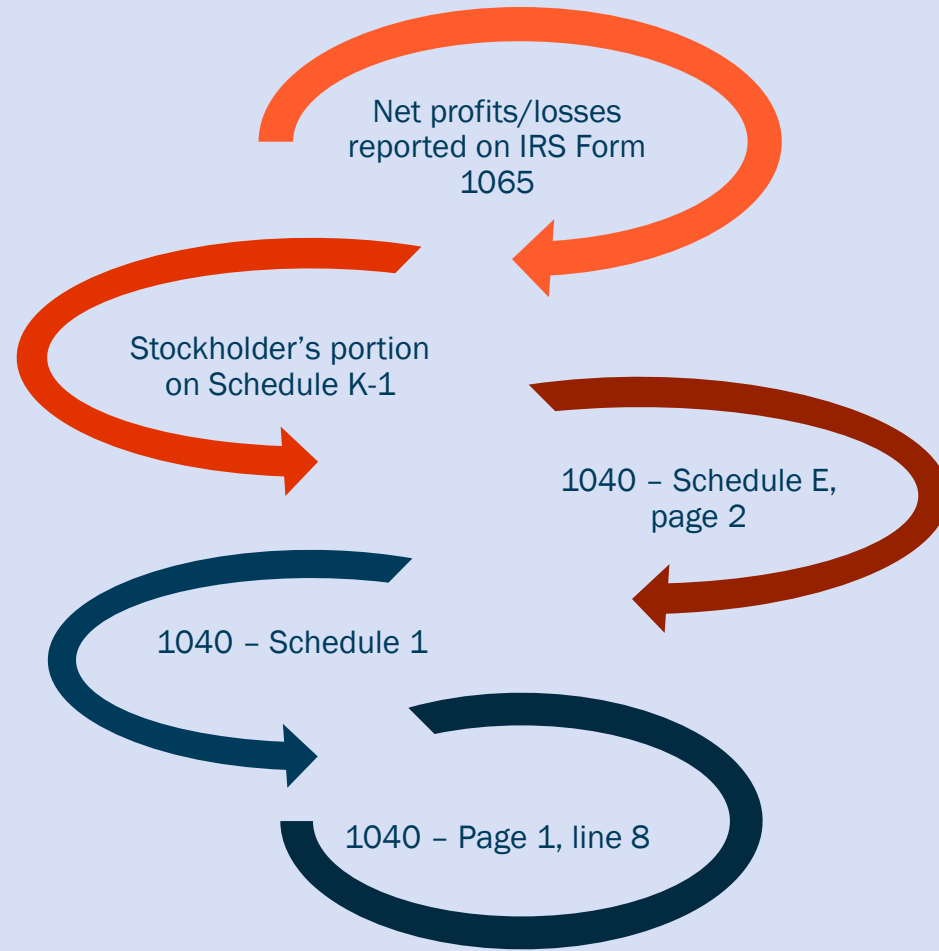
Borrower's share of
income is taxed at the
individual tax rate

Considerations

Generally, income is only
considered if distributed
OR if business has
adequate liquidity

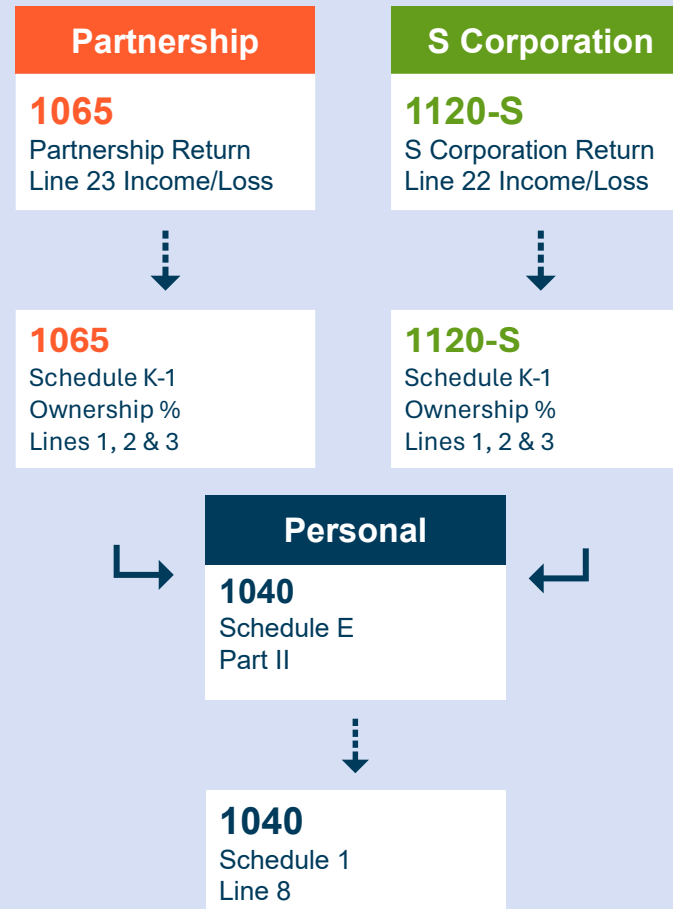
Partners are not
employees but may receive
guaranteed payments

Partnership income flow



Pass-through entity

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Form 1065 and Schedule K-1

Form 1065

Schedule K-1

Form 1065 U.S. Return of Partnership Income OMB No. 1545-0123

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

Department of the Treasury Internal Revenue Service

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: Type Retail Other **E** Date business started

C Business code number: City or town, state or province, country, and ZIP or foreign postal code **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.

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 465 passive activity purposes

Caution: Include only trade or business income and expenses on lines 1a through 23 below. See instructions for more information.

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

Sign Here

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

Signature of partner or limited liability company member _____ Date _____

Preparer's name _____ Preparer's signature _____ Date _____ Check if PFR if self-employed

Firm's name _____ Firm's address _____ Firm's EIN _____ Phone no. _____

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 113952 Form 1065 (2023)

Schedule K-1 (Form 1065) 2023 OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

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

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)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	16 Alternative minimum tax (AMT) items
4b Guaranteed payments for capital	
4c Total guaranteed payments	
5 Interest income	
6a Ordinary dividends	
6b Dividend equivalents	18 Tax-exempt income and non-deductible expenses
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions
9 Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	20 Other information
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	21 Foreign taxes paid or accrued
13 Other deductions	

Part I Information About the Partner

A Partnership's employer identification number (EIN) _____

B Partnership's state or foreign jurisdiction _____

C Partnership's federal return _____

D Is this a publicly traded partnership (PTP)? Yes No

E Is the partner an SBN or TRS? (Do not use TRS if a disregarded entity. See instructions.) Yes No

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

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? _____

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	%	%
Loss	%	%
Capital	%	%

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 Yes No

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 income (decrease) (attach explanation)	\$
Ending capital account	\$
Withdrawals and distributions	\$

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

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

Beginning	\$
Ending	\$

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Cat. No. 11394R Schedule K-1 (Form 1065) 2023

Business profit multiplied by % of ownership

Schedule K-1 (Form 1065)

Business information

Owner's information & Involvement

Schedule K-1 (Form 1065) 2023
 Department of the Treasury
 Internal Revenue Service

For calendar year 2023, or tax year beginning 1 / 1 / 2023 ending 12 / 31 / 2023

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

Part I Information About the Partnership

A Partnership's employer identification number: 12-3456789
 B Partnership's name, address, city, state, and ZIP code: Sample Business, 123 Main St
 C IRS center where partnership filed return:

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.): 123-45-6789
 F Name, address, city, state, and ZIP code for partner entered in E. See instructions: Sample Borrower, Anywhere Rd
 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	50 %	50 %
Loss	50 %	50 %
Capital	50 %	50 %

 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

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

1 Ordinary business income (loss)	25,000	14
2 Net rental real estate income (loss)		15
3 Other net rental income (loss)		15
4a Guaranteed payments for services	15,000	16
4b Guaranteed payments for capital		16
4c Total guaranteed payments		17
5 Interest income		18
6a Ordinary dividends		19
6b Qualified dividends		19
6c Dividend equivalents		20
7 Royalties		20
8 Unrecaptured section 1250 gain		21
9 Net section 1231 gain (loss)		21
10 Other deductions		22
11		22
12		22
13		22
14		22
15		22
16		22
17		22
18		22
19 Distributions	25,000	23
20		23
21		23
22		23
23		23

OMB No. 1545-0123
 Schedule K-1 (Form 1065) 2023

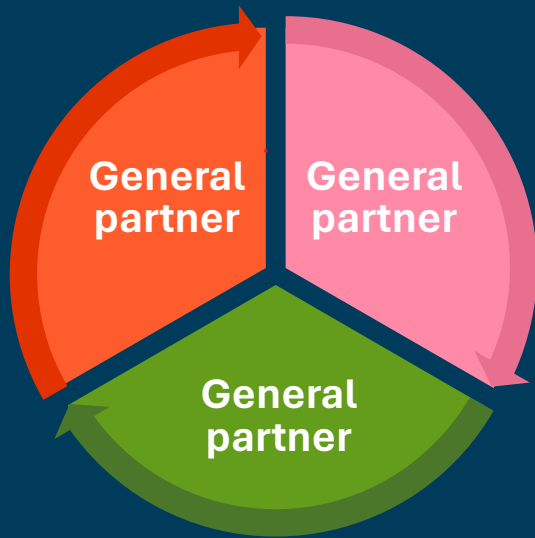
Earnings

Guaranteed payments

Distributions - Code A

Owner's % of interest = Capital at ending

General partnership

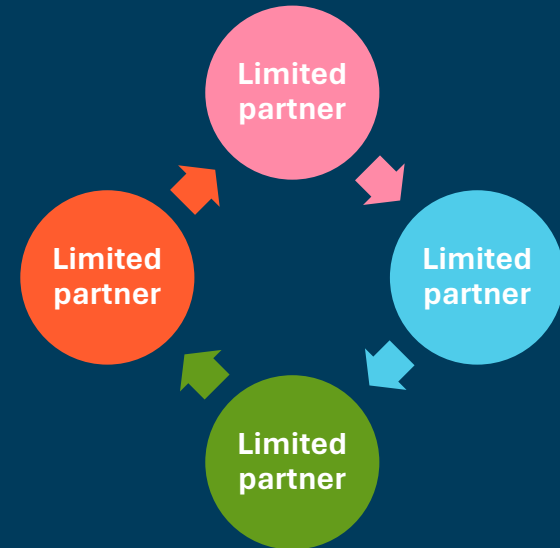


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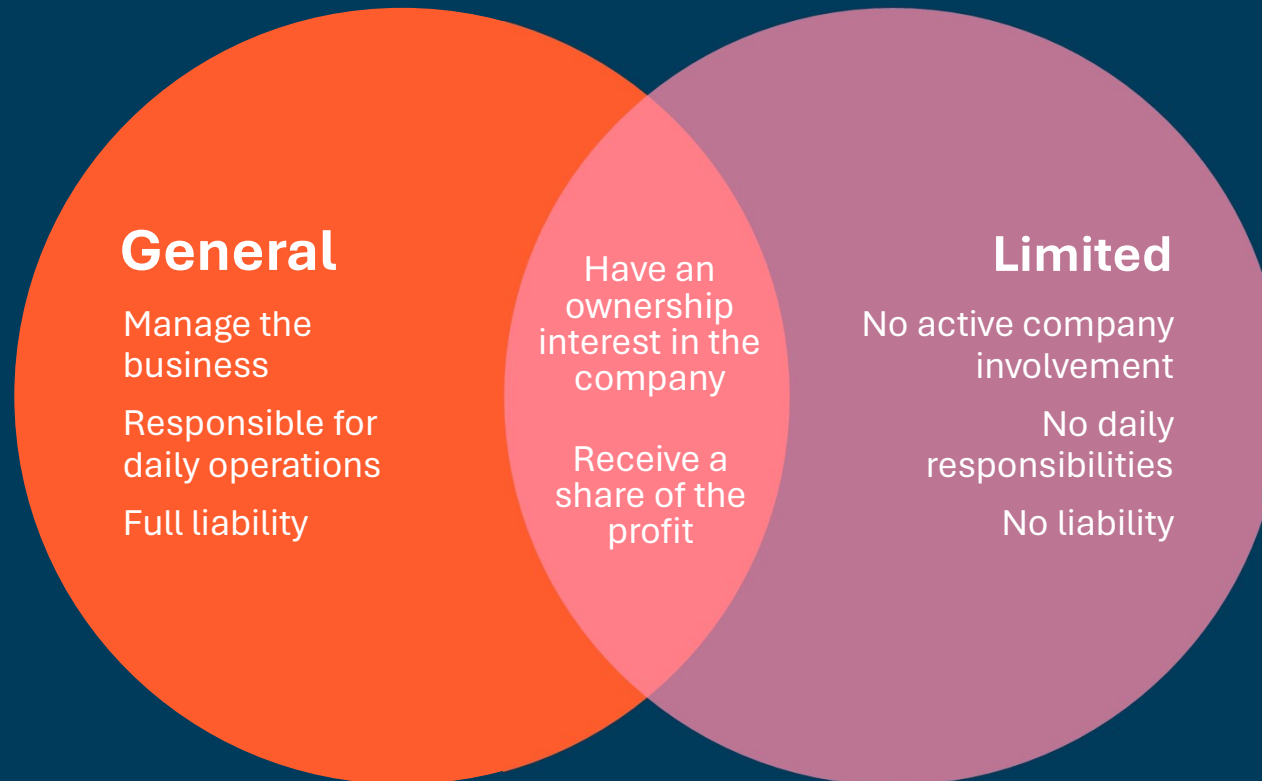
Limited partnership



Limited liability partnerships



General vs. limited partner





**Ownership interest is confirmed . . .
What's next?**

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Income earned vs. distributions



Earnings

Owner's portion of net income earned by the business is reported as ordinary income on Schedule K-1



Income received

Distribution is when the business transfers cash or property to the owner

**K-1 income can
be used for
qualifying if . . .**

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**The borrower has
accessed the income**

OR

**The business has
adequate liquidity to
support the withdrawal
of earnings**

Partnership/S Corp K-1s: Scenario 1

IF...

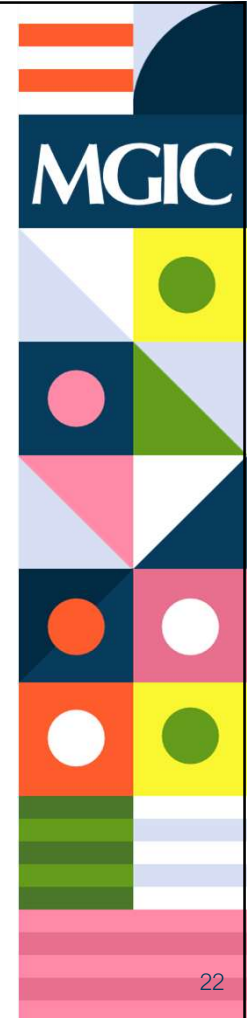
- K-1s reflect a history of receiving cash distributions consistent with ordinary income

THEN...

- K-1 ordinary income may be included in borrower's cash flow

STOP...

- Nothing else is required



Sample Schedule K-1 Form 1065

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651123
OMB No. 1545-0123

2023

Schedule K-1 (Form 1065) Department of the Treasury Internal Revenue Service

For calendar year 2023 beginning / / 2023 ending / / 2023

Final K-1 Amended K-1

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

1 Ordinary business income (loss) \$198000	14 Self-employment earnings (loss)
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked <input type="checkbox"/>
4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions A \$198000
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	20 Other information
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	21 Foreign taxes paid or accrued
13 Other deductions	
22 <input type="checkbox"/> More than one activity for at-risk purposes*	
23 <input type="checkbox"/> More than one activity for passive activity purposes*	

*See attached statement for additional information.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

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.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

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?

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	_____%	_____%
Loss	_____%	_____%
Capital	_____%	_____%

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	\$ _____

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Partnership/S Corp K-1s: Scenario 2

IF...

K-1s do not reflect a history of receiving:

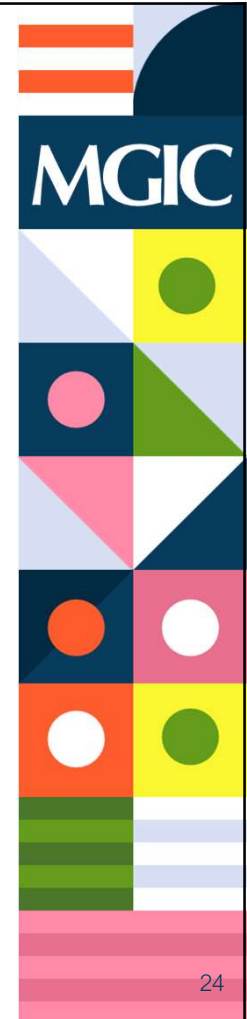
- Cash distributions
- Cash distributions consistent with ordinary income

OPTION 1: To use total amount of ordinary income...

- Document that the business has adequate liquidity to support withdrawal of earnings

OPTION 2: Limit the amount of qualifying income...

- To the amount of income supported by a history of accessing the income (without getting additional documentation)



K-1 without distributions

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Schedule K-1 (Form 1065) 2023
 Department of the Treasury Internal Revenue Service
 For calendar year 2023, beginning / / 2023 ending / /

Final K-1 Amended K-1 OMB No. 1545-0125

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

1	Ordinary business income (loss)	\$85,000	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		15	Credits
3	Other net rental income (loss)		16	Schedule K-3 is attached if checked <input type="checkbox"/>
4a	Guaranteed payments for services		17	Alternative minimum tax (AMT) items
4b	Guaranteed payments for capital		18	Tax-exempt income and nondeductible expenses
4c	Total guaranteed payments		19	Distributions
5	Interest income		20	Other information
6a	Ordinary dividends		21	Foreign taxes paid or accrued
6b	Qualified dividends		22	<input type="checkbox"/> More than one activity for at-risk purposes*
6c	Dividend equivalents		23	<input type="checkbox"/> More than one activity for passive activity purposes*
7	Royalties		*See attached statement for additional information.	
8	Net short-term capital gain (loss)		IRS Use Only Did the partner contribute property with a built-in gain (loss)? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach statement. See instructions.	
9a	Net long-term capital gain (loss)			
9b	Collectibles (28%) gain (loss)			
9c	Unrecaptured section 1250 gain			
10	Net section 1231 gain (loss)			
11	Other income (loss)			
12	Section 179 deduction			
13	Other deductions			

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

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.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

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?

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	%	%
Loss	%	%
Capital	%	%

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.

K-1 without consistent distributions

mortgage guaranty insurance corporation

651123
OMB No. 1545-0123

2023

Schedule K-1 (Form 1065) Department of the Treasury Internal Revenue Service

For calendar year 2023, beginning / / 2023 ending / / 2023

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)	15	Credits
3	Other net rental income (loss)	16	Schedule K-3 is attached if checked
4a	Guaranteed payments for services	17	Alternative minimum tax (AMT) items
7	Royalties	18	Tax-exempt income and nondeductible expenses
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)	A	\$50,000
9b	Collectibles (28%) gain (loss)	20	Other information
9c	Unrecaptured section 1250 gain	21	Foreign taxes paid or accrued

Part I Information About the Partnership

A Partnership's employer identification number

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? _____

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

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

Partner's Capital Account Analysis

L 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

22 More than one activity for at-risk purposes*

23 More than one activity for passive activity purposes*

*See attached statement for additional information.

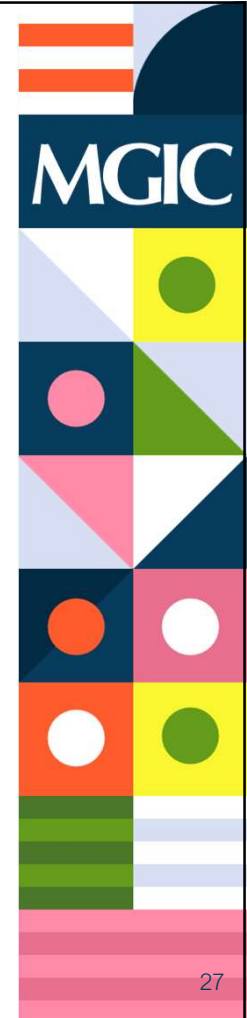
Option 1: To use total amount of ordinary income, document that the business has adequate liquidity to support withdrawal of earnings

Option 2: Limit the amount of qualifying income to the amount of income supported by a history of accessing the income (without getting additional documentation)

Partnership/S Corp K-1s

- No history of distributions?
- Distributions < ordinary income

Is it by CHOICE ?	Is it by DEFAULT ?
<ul style="list-style-type: none"> • Business is solvent • Positive income trends 	<ul style="list-style-type: none"> • Business agreement prohibits distributions • Business is insolvent – can't afford it



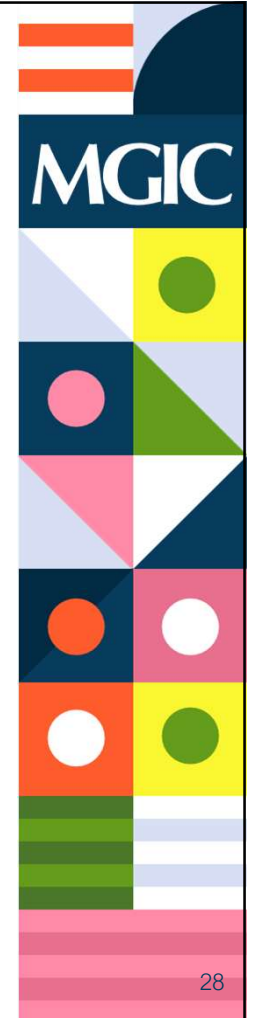
Who is the investor?



Fannie Mae®

Freddie Mac

mortgage guaranty
insurance corporation





Freddie Mac Home Single-Family Division Multifamily Division Capital Markets Division Renters, Buyers and Owners

Freddie Mac Single-Family Seller/Service Guide Guide Home Seller/Service Relationship Selling Servicing Search the Guide View All

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5304.1 < Prev Next >

Stable monthly income and documentation requirements for self-employed Borrowers

Effective 02/07/2024

(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.



Meet the borrowers

mortgage guaranty
insurance corporation

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)

mortgage guaranty
insurance corporation



Meet James Johnson

Sole proprietor of Property Maintenance Ninjas
Schedule C

25% partner in Hide Away Storage

- Schedule E, page 2
- Partnership (1065) Schedule K-1
- Form 1065


50% shareholder in J & J Property Solutions (S corporation)

- Schedule E, page 2
- S Corporation (1120-S) Schedule K-1
- Form 1120-S
- SEB W-2 may also be required

**mortgage guaranty
insurance corporation**




hideawaystorage.com




Hide Away Storage


Earning your business one box at a time




Locally owned & operated
Family-owned and operated since 2019.




Secure
All units are kept safe with modern security features.




Competitive
Our rates are very competitive.



Convenient
Our all-indoor, climate-controlled storage units are accessible 24/7.



Clean
Our self-storage units are well maintained.



Customer service
We are backed by best-in-self-storage customer service.

mortgage guaranty insurance corporation

33

Personal 1040 Schedule E – Part II

Case study, page 40

mortgage guaranty
insurance corporation

Schedule E (Form 1040) 2023 Attachment Sequence No. 13 Page 2

Name(s) shown on return. Do not enter name and social security number if shown on other side. **Your social security number**
James & Jessica Johnson 000-00-0000

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations

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

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

	(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
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 (j) 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	(e) Deduction or loss 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
38				

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	

REV 01/27/24 TTW Schedule E (Form 1040) 2023

Schedule K-1 (Form 1065)

Case study, pages 42 -43

mortgage guaranty
insurance corporation

Schedule K-1 (Form 1065) 2023
Department of the Treasury Internal Revenue Service

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

Final K-1 Amended K-1 B No. 1545-0123 **651123**

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

1 Ordinary business income (loss)	14 Self-employment earnings (loss)
-2,000	-3,800
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
10,000	
4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked
	<input type="checkbox"/>
4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
10,000	
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	C 625
7 Royalties	STMT
8 Net short-term capital gain (loss)	19 Distributions
	A 8,000
9a Net long-term capital gain (loss)	
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	

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
Profits	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 \$	

22 More than one activity for at-risk purposes*

23 More than one activity for passive activity purposes*

*See attached statement for additional information.

For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Schedule K-1 (Form 1065) 2023

Distributions higher than ordinary income?

- 1** Business made money but took advantage of write-offs
- 2** Taking distributions from previous year's earnings
- 3** Distribution of money that was not earned
- 4** Partnership is dissolving

SAM Cash Flow Worksheet

mgic.com/seb

**mortgage guaranty
insurance corporation**

SAM Cash Flow Analysis Worksheet



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):	LINE 21 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)		\$ -	\$ -

Noncash expenses

- Depreciation
- Depletion
- Amortization
- Business use of home

Limited IRS deductions

- Meals
- Travel & entertainment

Nonrecurring

- Other income
- One-time expenses

SAM Cash Flow Analysis Worksheet

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):	LINE 21 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)			\$ -	\$ -

Schedule K-1 (Form 1065) 2023
 Department of the Treasury Internal Revenue Service
 For calendar year 2023, or tax year beginning _____ ending _____

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

Part I Information About the Partnership
 A Partnership's employer identification number: 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/Vetc.), 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 Exchange of partnership interest. See instructions.

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

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

Part IV Partner's Capital Account Analysis
 Beginning capital account: \$ _____
 Capital contributed during the year: \$ _____
 Current year net income (loss): \$ _____
 Other income (decrease) (net of expenses): \$ _____
 Withdrawals and distributions: \$ _____
 Ending capital account: \$ _____

M Did the partner contribute property with a built-in gain (loss)? Yes No If "Yes," attach statement. See instructions.
N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)
 Beginning: \$ _____
 Ending: \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 1065. www.irs.gov/Form1065 Schedule K-1 (Form 1065) 2023



Schedule K-1 (Form 1065)

SAM Cash Flow Analysis Worksheet

Partnership Cash Flow

Evaluate business income as required by your investor.

<input checked="" type="checkbox"/>	PARTNERSHIP	Name: Hide Away Storage - James	2023
SCHEDULE K-1			
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.	\$	(2,000.00)
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.	\$	
26	Guaranteed Payments: LINE 4c	\$	10,000.00
SUBTOTAL		\$	8,000.00
FORM W-2			
27	Wages: W-2, Box 5 (in general)		
FORM 1065			



Form 1065 U.S. Return of Partnership Income OMB No. 1545-0123
 Department of the Treasury For calendar year 2023, or tax year beginning 2023, ending 2023
 Internal Revenue Service Go to www.irs.gov/Form1065 for instructions and the latest information.

A Principal business activity: Name of partnership: HIDE AWAY STORAGE
D Employer identification number: 00-0000000
B Principal product or service: Type: 42 WILLOW BLVD
E Date business started: 01/15/2019
C Business code number: Print: 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 Gross receipts or other income	100,500	b Less returns and allowances		1c Gross income	100,500
2 Cost of goods sold (attach Form 1125-A)				3 Gross profit. Subtract line 2 from line 1c	100,500
4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				5 Net farm profit (loss) (attach Schedule F (Form 1040))	
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				7 Total income	40,000
8 Total income (loss). Combine lines 3 through 7				9 Salaries and wages (other than to partners) (less employment credits)	140,500
10 Guaranteed payments to partners				11 Repairs and maintenance	55,000
12 Bad debts				13 Rent	40,000
14 Taxes and licenses				15 Interest (see instructions)	13,000
16a Depreciation (if required, attach Form 4562)		16b 16,000		16c Less depreciation reported on Form 1125-A and elsewhere on return	1,000
17 Depletion (Do not deduct oil and gas depletion)				18 Retirement plans, etc.	16,000
19 Employee benefit programs				20 Energy efficient commercial buildings deduction (attach Form 7205)	21,000
21 Other deductions (attach statement) SEE STATEMENT				22 Total deductions. Add the amounts shown in the far right column for lines 9 through 21	2,500
23 Ordinary business income (loss). Subtract line 22 from line 8				24 Interest due under the look-back method - completed long-term contracts (attach Form 8697)	148,500
25 Interest due under the look-back method - income forecast method (attach Form 8866)				26 BBA AAR imputed underpayment (see instructions)	-8,000
27 Other taxes (see instructions)				28 Total balance due. Add lines 24 through 27	
29 Elective payment election amount from Form 3800				30 Payment (see instructions)	
31 Amount owed. If the sum of line 29 and line 30 is smaller than line 28, enter amount owed				32 Overpayment. If the sum of line 29 and line 30 is larger than line 28, enter overpayment	

Sign Here
 Signature of partner or limited liability company member: _____ Date: _____
 Print/Type preparer's name: V. I. P. TAX INC. 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 1065 (2023)

insurance corporation

SAM Cash Flow Analysis Worksheet			
X	PARTNERSHIP	Name: Hide Away Storage -James	2023
SCHEDULE K-1			
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		\$ (2,000.00)
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.		
26	Guaranteed Payments: LINE 4c		\$ 10,000.00
SUBTOTAL			\$ 8,000.00
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): LINE 21 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)			\$ -

What is needed to **retain** other income?

- 1** Other income must be identified
- 2** Need to understand how it is related to the business operation
- 3** Need to have an expectation of continuance – history

Form 4797

What is the source of the other income?

mortgage guaranty insurance corporation

Form 4797 Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F)

OMB No. 1545-0184
2023
Department of the Treasury Internal Revenue Service
Go to www.irs.gov/Form4797 for more information.

Name(s) shown on return
HIDE AWAY STORAGE

1a Enter the gross proceeds from sales or exchanges (including any cash received and fair market value of property received in substitution of cash or other property) that you are including on line 1a of your substitute statement) that you are including on line 1a of your substitute statement) that you are including on line 1a of your substitute statement)
b Enter the total amount of gain that you are including on line 1b of your substitute statement)
c Enter the total amount of loss that you are including on line 1c of your substitute statement)
Assets

Part I Sales or Exchanges of Property, Other Than Casualty or Theft - Most Common

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	3	4	5	6	7
			Gain, if any, from Form 4684, line 39	Section 1231 gain from installment sales from Form 6252, line 25 or 36	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	Gain, if any, from line 32, from other than casualty or theft	Combine lines 2 through 6. Enter the gain or (loss) here as appropriate line as follows
			Partnerships and S corporations. Report the gain or (loss) here as appropriate line as follows	Individuals, partners, S corporation shareholders, and trusts. 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, 10, and 12 below.	8 Nonrecaptured net section 1231 losses from prior years. See instructions	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	

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):

11	12	13	14	15	16	17
DUMP TRUCKS	8/20/2022	5/25/2023	72,000	8,000	40,000	40,000

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

Distributions higher than ordinary income?

- 1** Business made money but took advantage of write-offs
- 2** Taking distributions from previous year's earnings
- 3** Distribution of money that was not earned
- 4** Partnership is dissolving

1065 U.S. Return of Partnership Income OMB No. 1545-0123
 For calendar year 2023, or tax year beginning 2023, ending 2023
 Department of the Treasury Internal Revenue Service
 Go to www.irs.gov/Form1065 for instructions and the latest information.

A Principal business activity: Name of partnership: HIDE AWAY STORAGE
B Principal product or service: Type: Number, street, and room or suite no. if a P.O. box, see instructions.
 or: 42 WILLOW BLVD
C Business code number: Print: City or town, state or province, country, and ZIP or foreign postal code: JACKSON, TN 38305
D Employer identification number: 00-0000000
E Date business started: 01/15/2019
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 Sales revenue	100,500	b Less cost of goods sold	100,500
2 Cost of goods sold (attach Form 1125-A)		2	
3 Gross profit. Subtract line 2 from line 1c		3	100,500
4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		4	
5 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		5	
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		6	40,000
8 Total income (loss). Combine lines 3 through 7		8	140,500
9 Salaries and wages (other than to partners) (less employment credits)		9	55,000
10 Guaranteed payments to partners		10	40,000
11 Repairs and maintenance		11	
12 Bad debts		12	13,000
13 Rent		13	
14 Taxes and licenses		14	
15 Interest (see instructions)		15	1,000
16a Depreciation (if required, attach Form 4562)	16,000	16a	16,000
b Less depreciation reported on Form 1125-A and elsewhere on return		16b	16,000
17 Depletion (Do not deduct oil and gas depletion)		17	
18 Retirement plans, etc.		18	
19 Employee benefit programs		19	21,000
20 Energy efficient commercial buildings deduction (attach Form 7205)		20	
21 Other deductions (attach statement) SEE STATEMENT		21	2,500
22 Total deductions. Add the amounts shown in the far right column for lines 9 through 21		22	148,500
23 Ordinary business income (loss). Subtract line 22 from line 8		23	-8,000
24 Interest due under the look-back method - completed long-term contracts (attach Form 8697)		24	
25 Interest due under the look-back method - income forecast method (attach Form 8866)		25	
26 BBA AAR imputed underpayment (see instructions)		26	
27 Other taxes (see instructions)		27	
28 Total balance due. Add lines 24 through 27		28	
29 Elective payment election amount from Form 3800		29	
30 Payment (see instructions)		30	
31 Amount owed. If the sum of line 29 and line 30 is smaller than line 28, enter amount owed		31	
32 Overpayment. If the sum of line 29 and line 30 is larger than line 28, enter overpayment		32	

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

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

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

For Paperwork Reduction Act Notice, see separate instructions. Form 1065 (2023) JSA 3P 1010 1.000

mortgage guaranty insurance corporation

SAM Cash Flow Analysis Worksheet

	PARTNERSHIP	Name: Hide Away Storage - James	2023
SCHEDULE K-1			
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.	\$	(2,000.00)
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.		
26	Guaranteed Payments: LINE 4c	\$	10,000.00
	SUBTOTAL	\$	8,000.00
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	\$	(40,000.00)
30	Depreciation: LINE 16c		
31	Depreciation (FORM 8825): LINE 14		
32	Depletion: LINE 17		
33	Amortization/Casualty Loss (only if noted): LINE 21 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	\$	(40,000.00)
36	Multiplied by Ownership Percentage		25.00%
	Partner's Total Share of Income (Loss)	\$	(10,000.00)

1065 U.S. Return of Partnership Income OMB No. 1545-0123
 For calendar year 2023, or tax year beginning 2023, ending 2023
 Go to www.irs.gov/Form1065 for instructions and the latest information.

A Principal business activity: Name of partnership: HIDE AWAY STORAGE
 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. E Date business started: _____

Form 1065, Page 1 Detail

Line 21 - Other deductions

Meals and entertainment	2,500
Total	2,500

12 Bad debts	12	13,000
13 Rent	13	
14 Taxes and licenses	14	
15 Interest (see instructions)	15	1,000
16a Depreciation (if required, attach Form 4562)	16a	16,000
b Less depreciation reported on Form 1125-A and elsewhere on return	16b	16,000
17 Depletion (Do not deduct oil and gas depletion)	17	
18 Retirement plans, etc.	18	
19 Employee benefit programs	19	21,000
20 Energy efficient commercial buildings deduction (attach Form 7205)	20	
D 21 Other deductions (attach statement) - SEE STATEMENT	21	2,500
22 Total deductions. Add the amounts shown in the far right column for lines 9 through 21	22	148,500
23 Ordinary business income (loss). Subtract line 22 from line 8	23	-8,000
24 Interest due under the look-back method - completed long-term contracts (attach Form 8897)	24	
25 Interest due under the look-back method - income forecast method (attach Form 8866)	25	
26 BBA AAR imputed underpayment (see instructions)	26	
27 Other taxes (see instructions)	27	
28 Total balance due. Add lines 24 through 27	28	
29 Elective payment election amount from Form 3800	29	
30 Payment (see instructions)	30	
31 Amount owed. If the sum of line 29 and line 30 is smaller than line 28, enter amount owed	31	
32 Overpayment. If the sum of line 29 and line 30 is larger than line 28, enter overpayment	32	

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: _____
 Print/Type preparer's name: V.I.P. TAX INC. 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 1065(2023)

mortgage guaranty insurance corporation

SAM Cash Flow Analysis Worksheet

X	PARTNERSHIP	Name:	Hide Away Storage - James	2023
SCHEDULE K-1				
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.			\$ (2,000.00)
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
26	Guaranteed Payments: LINE 4c			\$ 10,000.00
	SUBTOTAL			\$ 8,000.00
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			\$ (40,000.00)
30	Depreciation: LINE 16c			\$ 16,000.00
31	Depreciation (FORM 8825): LINE 14			
32	Depletion: LINE 17			
33	Amortization/Casualty Loss (only if noted): LINE 21 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			\$ (24,000.00)
36	Multiplied by Ownership Percentage			25.00%
	Partner's Total Share of Income (Loss)			\$ (6,000.00)

Form 1065, Schedule L

Form 1065 (2023) Page 6

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 Depreciable 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)			346,300	347,300
14 Total assets			346,300	347,300
Liabilities and Capital				
16 Mortgages, notes, bonds payable in less than 1 year		16,340		27,840
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)			123,460	117,460
b Mortgages, notes, bonds payable in 1 year or more				
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	2,500	b Add lines 6 and 7.	6,000
b Travel and entertainment \$	2,500	8 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5.	-8,000
5 Add lines 1 through 4	-2,000		

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		
4 Other increases (itemize):		8 Add lines 6 and 7.	
5 Add lines 1 through 4	202,000	9 Balance at end of year. Subtract line 8 from line 5.	202,000

SAM Cash Flow Analysis Worksheet

X	PARTNERSHIP	Name:	Hide Away Storage -James	2023
	SCHEDULE K-1			
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.			\$ (2,000.00)
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
26	Guaranteed Payments: LINE 4c			\$ 10,000.00
	SUBTOTAL			\$ 8,000.00
	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			\$ (40,000.00)
30	Depreciation: LINE 16c			\$ 16,000.00
31	Depreciation (FORM 8825): LINE 14			
32	Depletion: LINE 17			
33	Amortization/Casualty Loss (only if noted): LINE 21 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			\$ (2,500.00)
	SUBTOTAL			\$ (26,500.00)
36	Multiplied by Ownership Percentage			25.00%
	Partner's Total Share of Income (Loss)			\$ (6,625.00)

mortgage guaranty insurance corporation

Effect on cash flow analysis

X	PARTNERSHIP	Name:	Hide Away Storage -James	2023	2022	
SCHEDULE K-1						
24	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.			\$ (2,000.00)	\$ (10,200.00)	
25	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.					
26	Guaranteed Payments: LINE 4c			\$ 10,000.00	\$ 7,800.00	
	SUBTOTAL			\$ 8,000.00	\$ (2,400.00)	
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			\$ (40,000.00)		
30	Depreciation: LINE 16c			\$ 16,000.00	\$ 15,400.00	
31	Depreciation (FORM 8825): LINE 14					
32	Depletion: LINE 17					
33	Amortization/Casualty Loss (only if noted): LINE 21 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			(\$ 2,500.00)	(\$ 2,300.00)	
	SUBTOTAL			\$ (26,500.00)	\$ 13,100.00	
36	Multiplied by Ownership Percentage			25.00%	25.00%	
	Partner's Total Share of Income (Loss)			\$ (6,625.00)	\$ 3,275.00	
PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:						
	Schedule K-1 Hide Away Storage -James	<input type="checkbox"/>	\$ 8,000.00	12	<input type="checkbox"/> \$ (2,400.00)	12
	W-2 Wages Hide Away Storage -James	<input type="checkbox"/>	\$ -	12	<input type="checkbox"/> \$ -	12
	Form 1065 Hide Away Storage -James	<input type="checkbox"/>	\$ (6,625.00)	12	<input type="checkbox"/> \$ 3,275.00	12
	Partnership Hide Away Storage -James Subtotal		\$ 1,375.00		\$ 875.00	

**mortgage guaranty
insurance corporation**

Final determination of qualifying income

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

PARTNERSHIP & S CORPORATION CASH FLOW SUBTOTALS:

Schedule K-1 Hide Away Storage -James	<input type="checkbox"/>	\$ 8,000.00	12	<input type="checkbox"/>	\$ (2,400.00)	12	\$	233.33	24
W-2 Wages Hide Away Storage -James	<input type="checkbox"/>	\$ -	12	<input type="checkbox"/>	\$ -	12	\$	-	24
Form 1065 Hide Away Storage -James	<input type="checkbox"/>	\$ (6,625.00)	12	<input type="checkbox"/>	\$ 3,275.00	12	\$	(139.58)	24
Partnership Hide Away Storage -James Subtotal		\$ 1,375.00			\$ 875.00		\$	93.75	

Limited Liability Company (LLC)



Definition

A hybrid business structure designed to offer members/owners tax efficiencies of a partnership and the limited liability of a corporation

Liability

LLC operating agreement outlines specific division of power among members/owners

Generally, they have limited liability

Taxation

Owner reports income on Schedule C, 1065 or 1120-S, depending on their formation

Owner is taxed at the individual tax rate

LLC borrows tax forms

A single-member LLC

A multi-member LLC

SCHEDULE F (Form 1040)

Department of the Treasury Internal Revenue Service
Name of proprietor

A Principal crop or activity

D Did you "materially participate" in the operation of this business during 2023?
F Did you make any payments in 2023 that would require you to file Form(s) 1099?
G If "Yes," did you or will you file required Form(s) 1099?

Part I Farm Income
1a Sales of purchased livestock
b Cost or other basis of product
c Subtract line 1b from line 1a

Part II Farm Expenses
10 Car and truck expenses
11 Chemicals
12 Conservation expenses
13 Custom hire (machine use)
14 Depreciation and section 179 expense deduction
15 Employee benefit programs
16 Field
17 Fertilizers and lime
18 Freight and trucking
19 Gasoline, fuel, and oil
20 Insurance (other than life)
21 Interest (see instructions)
22 Labor hired (less employer tax credit)
23 Total expenses. Add line 22 to line 1a.
24 Net farm profit or (loss). If a profit, stop here and see instructions for Part III.
25 Total rental
26 Losses. Add line 25 to line 24.

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service
Name of proprietor

A Principal business or profession, including product or service (see instructions)
B Business name, if not separate business name, leave blank.
C Business address (including suite or room no.)
D Employer ID number (EIN) (see instructions)

Part I Income
1 Single Family
2 Multi-Family

Part II Expenses
8 Advertising
9 Car and truck expenses
10 Commissions and fees
11 Contract labor (see instructions)
12 Depreciation
13 Depreciation and section 179 expense deduction
14 Employee benefit programs
15 Insurance (other than health)
16 Interest (see instructions)
17 Legal and professional services

SCHEDULE C (Form 1040)

Department of the Treasury Internal Revenue Service

Name of proprietor

A Principal business or profession, including product or service (see instructions)
B Enter code from instructions
C Business name, if not separate business name, leave blank.
D Employer ID number (EIN) (see instructions)

Part I Income
1 Gross receipts or sales
2 Returns and allowances
3 Subtract line 2 from line 1
4 Cost of goods sold (from line 42)
5 Gross profit. Subtract line 4 from line 3
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)
7 Gross income. Add lines 5 and 6

Part II Expenses
8 Advertising
9 Car and truck expenses
10 Commissions and fees
11 Contract labor (see instructions)
12 Depreciation
13 Depreciation and section 179 expense deduction
14 Employee benefit programs
15 Insurance (other than health)
16 Interest (see instructions)
17 Legal and professional services

Part III Total Expenses
23 Total expenses before expenses for business use of home. Add lines 8 through 22.
24 Tentative profit or (loss). Subtract line 23 from line 7.
25 Net profit or (loss). Subtract line 24 from line 7.
26 Net profit or (loss). Subtract line 25 from line 23.
27 Net profit or (loss). Subtract line 26 from line 23.
28 Net profit or (loss). Subtract line 27 from line 23.
29 Net profit or (loss). Subtract line 28 from line 23.
30 Net profit or (loss). Subtract line 29 from line 23.
31 Net profit or (loss). Subtract line 30 from line 23.

32 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 for Estates and trusts, enter on Form 1041, line 3.
33 If you have a loss, check the box that describes your investment in this activity. See instructions.
34 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 for Estates and trusts, enter on Form 1041, line 3.
35 If you checked 32b, you must attach Form 8196. Your loss may be limited.

35a All investment is at risk.
35b Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.
OMB No. 1545-0047
Schedule C (Form 1040) 2023

Form 1120

Department of the Treasury Internal Revenue Service

A Check box:
1 Corporate return (attach Form 970)
2 Personal holding company return (attach Form 970)
3 Personal services corporation (attach Form 970)
4 S corporation (attach Form 970)
5 Partnership return (attach Form 970)

Income
1a Gross receipts or sales
b Returns and allowances
c Balance. Subtract line 1b from line 1a

Income
7 Compensation of officer
8 Salaries and wages
9 Repairs and maintenance
10 Bad debts
11 Rents
12 Taxes and licenses
13 Interest (see instructions)
14 Charitable contribution
15 Depreciation from Form 4797

Deductions
16 Advertising
17 Pension, profit-sharing, or annuity
18 Employee benefit programs
19 Energy efficient commercial buildings deduction (attach Form 7206)
20 Other deductions (attach Form 7206)
21 Total deductions. Add lines 16 through 20.
22 Ordinary business expenses (see instructions)
23 Tax on Schedule C-E (see instructions)
24 Current year's administrative expenses (see instructions)
25 Tax deducted with this return (see instructions)
26 Credit for federal tax paid (see instructions)
27 Estimated tax payments
28 Amount owed, if any
29 Overpayment, if any
30 Enter amount from line 28, but not more than line 27, over the amount on line 29.

Tax and Payments
31 Total tax (see instructions)
32 Total payments and credits (see instructions)
33 Amount owed, if any. If line 31 is more than line 32, enter amount from line 31 over line 32.
34 Overpayment, if any. If line 32 is more than line 31, enter amount from line 32 over line 31.

Sign Here
Signature of officer
Print/Type preparer's name
Form's name
Form's address

For Paperwork Reduction Act Notice, see the separate instructions.
OMB No. 1545-0047
Schedule C (Form 1040) 2023

Form 1120-S

Department of the Treasury Internal Revenue Service

A Check box:
1 Business activity code (see instructions)
2 Check if S corp (attach Form 1120-S)
3 Check if partnership (attach Form 1065)
4 Check if trust (attach Form 1041)
5 Check if estate (attach Form 1041)

Income
1a Gross receipts or sales
b Returns and allowances
c Balance. Subtract line 1b from line 1a

Income
7 Compensation of officer
8 Salaries and wages
9 Repairs and maintenance
10 Bad debts
11 Rents
12 Taxes and licenses
13 Interest (see instructions)
14 Charitable contribution
15 Depreciation from Form 4797

Deductions
16 Advertising
17 Pension, profit-sharing, or annuity
18 Employee benefit programs
19 Energy efficient commercial buildings deduction (attach Form 7206)
20 Other deductions (attach Form 7206)
21 Total deductions. Add lines 16 through 20.
22 Ordinary business expenses (see instructions)
23 Tax on Schedule C-E (see instructions)
24 Current year's administrative expenses (see instructions)
25 Tax deducted with this return (see instructions)
26 Credit for federal tax paid (see instructions)
27 Estimated tax payments
28 Amount owed, if any
29 Overpayment, if any
30 Enter amount from line 28, but not more than line 27, over the amount on line 29.

Tax and Payments
31 Total tax (see instructions)
32 Total payments and credits (see instructions)
33 Amount owed, if any. If line 31 is more than line 32, enter amount from line 31 over line 32.
34 Overpayment, if any. If line 32 is more than line 31, enter amount from line 32 over line 31.

Sign Here
Signature of officer
Print/Type preparer's name
Form's name
Form's address

For Paperwork Reduction Act Notice, see the separate instructions.
OMB No. 1545-0047
Schedule C (Form 1040) 2023

Form 1065

Department of the Treasury Internal Revenue Service

Name of partnership

A Principal business activity
B Principal product or service
C Business code number

Income
1a Gross receipts or sales
b Returns and allowances
c Balance. Subtract line 1b from line 1a

Income
7 Compensation of officer
8 Salaries and wages
9 Repairs and maintenance
10 Bad debts
11 Rents
12 Taxes and licenses
13 Interest (see instructions)
14 Charitable contribution
15 Depreciation from Form 4797

Deductions
16 Advertising
17 Pension, profit-sharing, or annuity
18 Employee benefit programs
19 Energy efficient commercial buildings deduction (attach Form 7206)
20 Other deductions (attach Form 7206)
21 Total deductions. Add lines 16 through 20.
22 Ordinary business expenses (see instructions)
23 Tax on Schedule C-E (see instructions)
24 Current year's administrative expenses (see instructions)
25 Tax deducted with this return (see instructions)
26 Credit for federal tax paid (see instructions)
27 Estimated tax payments
28 Amount owed, if any
29 Overpayment, if any
30 Enter amount from line 28, but not more than line 27, over the amount on line 29.

Tax and Payments
31 Total tax (see instructions)
32 Total payments and credits (see instructions)
33 Amount owed, if any. If line 31 is more than line 32, enter amount from line 31 over line 32.
34 Overpayment, if any. If line 32 is more than line 31, enter amount from line 32 over line 31.

Sign Here
Signature of partner or limited liability company member
Print/Type preparer's name
Form's name
Form's address

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OMB No. 1545-0047
Schedule C (Form 1040) 2023

TOOLS FOR SUCCESS!

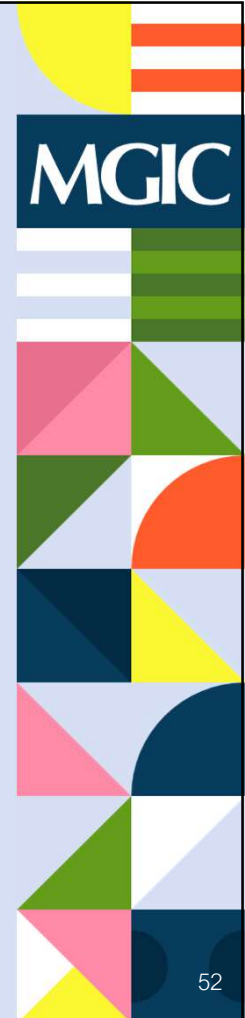
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Purpose of cash flow analysis

Verify qualifying income that is:

- Stable
- Likely to continue



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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." To the right is a colorful geometric pattern. Below this is a breadcrumb trail "MGIC > underwriting >". A central image shows a person using a laptop displaying the MGIC calculator interface. To the right of the image is a call-to-action section titled "Gain instant access to MGIC's enhanced self-employed borrower and income analysis calculators", which lists updates for 2023 and 2024. A testimonial from Amanda, an Underwriter, is featured in a pink box, praising the worksheets' functionality and ease of use. At the bottom, there is a "Request access to the worksheets" section with a form for a first name, where "Emily" is entered.

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's 'SEB and income analysis calculators and resources' page. The page features a navigation menu at the top with links for 'Credit Union', 'Get Started with MGIC', 'My Backlog', 'Careers', 'Contact', 'Training', 'Tools', 'Mortgage Connects', and 'About MGIC'. A search bar is also present. The main heading is 'SEB and income analysis calculators and resources', with a sub-heading: 'Explore and download MGIC's editable, auto-calculating self-employed borrower and employment and other income worksheets and resources.' Below this is a breadcrumb trail: 'MGIC > underwriting > seb >'. There are three buttons: 'Overview video', 'Updated calculators', and 'Additional resources', along with a 'FAQs' link. A video player is embedded, showing a thumbnail for 'Overview & demo: All-in-one self-employed income calculator'. Below the video is a yellow banner with the text: 'PLEASE NOTE: Download and save a copy to your desktop as a template.' The page is divided into sections for 'Updated calculators', 'FEATURED CALCULATOR', and 'OTHER CALCULATORS'. The featured calculator is the 'All-in-one self-employed income calculator', which is macro-enabled and includes SAM cash flow analysis, liquidity, comparative income analysis, and P&L analysis. The other calculators listed are 'Employment & other income calculator' and 'Rental income calculator'.

SEB and income analysis calculators and resources
Explore and download MGIC's editable, auto-calculating self-employed borrower and employment and other income worksheets and resources.

MGIC > underwriting > seb >

Overview video Updated calculators Additional resources FAQs

Updated cash flow analysis worksheets for tax year 2023
Now available for downloading, MGIC's popular income analysis worksheets include:

- All-in-one self-employed income calculator, including 4 worksheets to analyze your borrower's income
- Employment and other income calculator
- Rental income calculator

Watch our overview video >
Download the calculators below >

PLEASE NOTE: Download and save a copy to your desktop as a template.

Updated calculators
Available in macro-enabled or macro-free versions. To learn more about these versions and MGIC's auto-calculating worksheets, [see our FAQs below](#). Having trouble with macro-enabled calculators? Try our macro-free alternatives below.

FEATURED CALCULATOR

All-in-one self-employed income calculator
Macro-enabled version. Incorporates 4 worksheets, including SAM cash flow analysis, liquidity, comparative income analysis and P&L analysis. (1/1/2024)
Download and save macro-enabled >

OTHER CALCULATORS

Employment & other income calculator
Macro-enabled version. Designed to calculate salaried borrowers' monthly qualifying income (fixed and variable) and gross-up non-taxable income. (2/21/2024)
Download and save macro-enabled >

Rental income calculator


Training – SEB webinars

<p>Skill-based 60 minutes</p> <p>Analyzing Self-Employed Borrowers 101 – Getting Started & the Sole Proprietor</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p>Skill-based 60 minutes</p> <p>Analyzing Self-Employed Borrowers 201 – Concentrating on S Corporations</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p>Skill-based 60 minutes</p> <p>Analyzing Self-Employed Borrowers 202 – Zeroing in on Partnerships</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p>Skill-based 60 minutes</p> <p>Analyzing Self-Employed Borrowers 301 – Focusing on Corporations & Financial Statements</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>
<p>Skill-based 45 minutes</p> <p>Analyzing Self-Employed Borrowers 302 – Looking at Income from Farming</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p>Skill-based 60 minutes</p> <p>Evaluating & Calculating Rental Income</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p>Skill-based 30 minutes</p> <p>Analyzing Self-Employed Borrowers 303 – Using Rental Income from a Business-Owned Property</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p>Skill-based 60 minutes</p> <p>Analyzing Self-Employed Borrowers 401 – Overcoming Tough Challenges</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>

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Dig deeper



Analyzing Self-Employed Income
This new training series helps you to confidently calculate the qualifying income of a self-employed borrower and determine your borrower's ability to make mortgage payments in the future.

[Explore the series >](#)

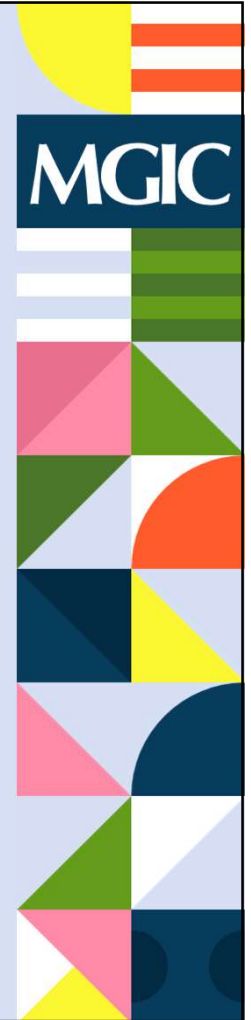
www.mgic.com/training/magic-minutes-training-series

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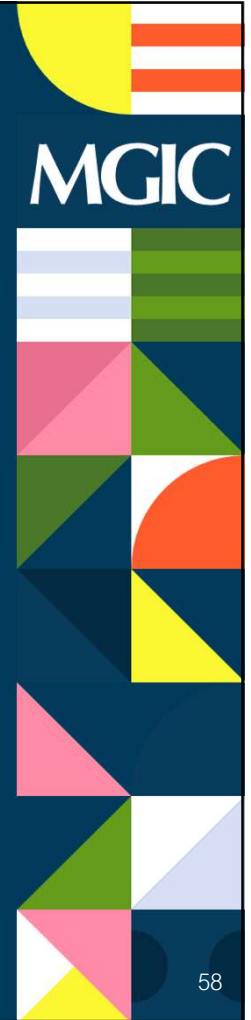


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