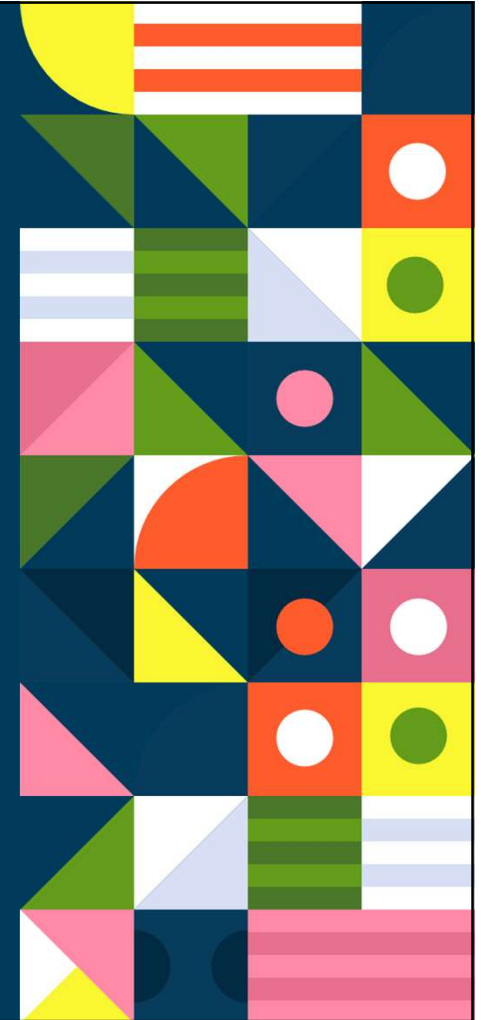


# Analyzing Self-Employed Borrowers **TAX YEAR 2023**

Concentrating on S Corporations

**MGIC**



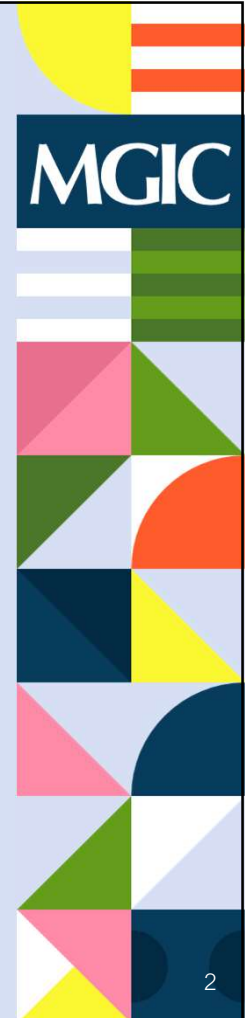
## Legal disclaimer

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Although MGIC believes the information set forth in this publication is generally accurate, the information may be outdated due to the rapidly changing nature of the residential mortgage industry, and MGIC does not warrant the accuracy, reliability or completeness of any information contained in this publication.

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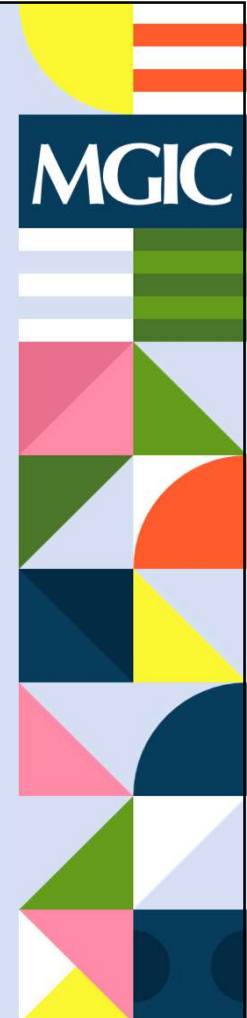
**Knowledge leads to confidence!**

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## Objectives

- Review business structures
- Convert tax entries into cash flow:
  - S Corporation
    - K-1s
    - Mortgages due in less than a year
    - Other income from a partnership
- Determining business liquidity
- 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		
<b>Note:</b> 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:
<b>1. W-2 Income from self-employment (reported on IRS Forms 1040 and 1120 or 1120S)</b>		
Name of business: _____		
IRS Form 1040, W-2 Income – Officer Compensation (Section 5304-1(d)) <sup>1</sup>	(+)	(+)
<b>Subtotal of W-2 income from self-employment</b>	\$	\$
<small><sup>1</sup>Validate with business returns and IRS Form 1125-E, Compensation of Officers, as applicable</small>		
<b>2. Schedule B – Interest and Ordinary Dividends</b>		
Recurring interest income (Chapter 5305)	(+)	(+)
Recurring dividend income (Chapter 5305)	(+)	(+)
Dividend income from self-employment reported on IRS Form 1120	(-)	(-)
<b>Subtotal of dividends and interest</b>	\$	\$

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 windows are layered, with the most prominent one being the 'SAM Cash Flow Analysis Worksheet'. Other visible windows include 'Profit and Loss Statement Analysis', 'Comparative Income Analysis Worksheet', 'Liquidity Worksheet', and 'Cash Flow Analysis Summary'. The 'SAM Cash Flow Analysis Worksheet' window shows a detailed form with sections for 'PERSONAL CASH', 'SCHEDULE B - INTEREST AND DIVIDENDS FROM SELF-EMPLOYMENT', 'SCHEDULE C - SOLE PROPRIETORSHIP', and 'PARTNERSHIP CASH FLOW'. It includes various input fields, checkboxes, and a 'Print Workbook' button. The interface is clean and professional, with a light blue and white color scheme.

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

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

# S Corporation

## Definition

A legal entity that has a limited number of stockholders

## Liability

Stockholders are not personally liable for the debts of the corporation

## Taxation

Business files Form 1120-S

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

Earnings will be reported regardless of whether income was distributed

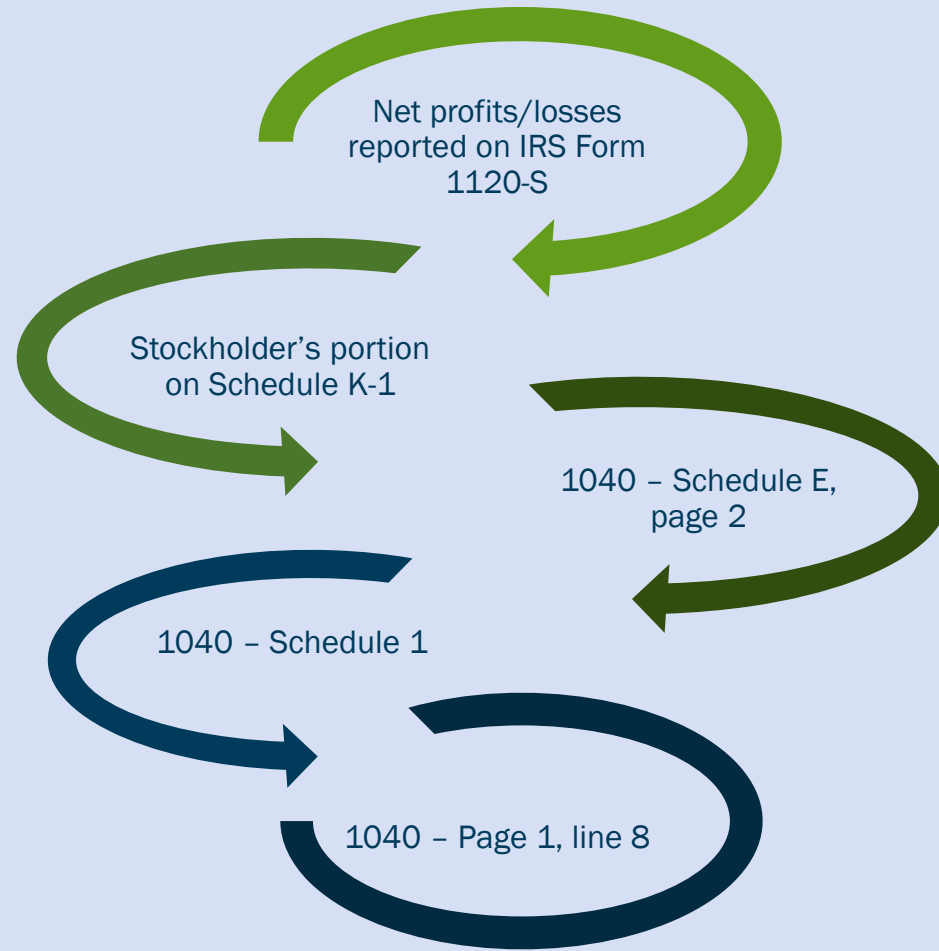
## Considerations

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

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

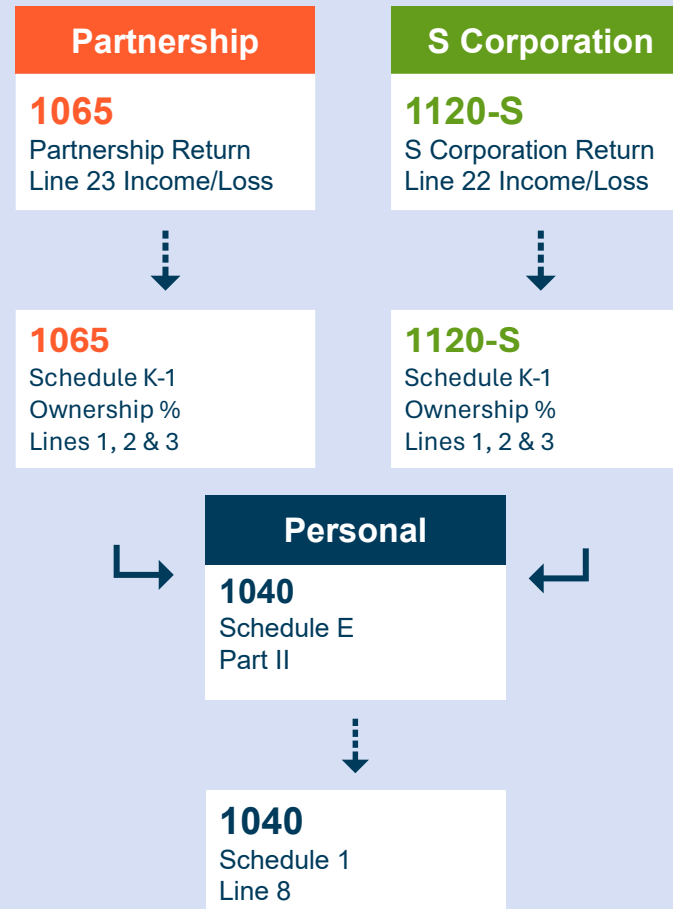


# S corporation income flow



# Pass-through entity

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# Form 1120-S and Schedule K-1

Form 1120-S

Schedule K-1

**Form 1120-S U.S. Income Tax Return for an S Corporation** OMB No. 1545-0123

Do not file this form unless the corporation has filed or is attaching Form 2023 to elect to be an S corporation. **2023**

Go to [www.irs.gov/Form1120S](https://www.irs.gov/Form1120S) for instructions and the latest information.

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

**A** Section effective year: **2023**

**B** Business activity code: **TYPE OR PRINT**

**C** Check if S corporation:  Yes  No

**D** Is the corporation electing to be an S corporation beginning with this tax year?  Yes  No

**E** Check if:  Final return  Name change  Address change  Amended return  S election termination

**F** Enter the number of shareholders who were shareholders during any part of the tax year: **1**

**G** Check if corporation:  Aggregated activities for section 469 at-risk purposes  Grouped activities for section 469 passive activity purposes

**Caution:** Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.

1a	Gross receipts or sales	b	Less returns and allowances	1c	Balance
2	Cost of goods sold (attach Form 1125-A)			2	
3	Gross profit. Subtract line 2 from line 1a			3	
4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	
5	Other income (loss) (see instructions—attach statement)			5	
6	<b>Total income (loss). Add lines 3 through 5</b>			6	
7	Compensation of officers (see instructions—attach Form 1125-E)			7	
8	Salaries and wages (less employment credits)			8	
9	Repairs and maintenance			9	
10	Bad debts			10	
11	Rents			11	
12	Taxes and licenses			12	
13	Interest (see instructions)			13	
14	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	
15	Depletion (Do not deduct oil and gas depletion)			15	
16	Advertising			16	
17	Research, profit-sharing, etc., plans			17	
18	Employee benefit programs			18	
19	Energy efficient commercial buildings deduction (attach Form 7205)			19	
20	Other deductions (attach statement)			20	
21	Other deductions (attach statement)			21	
22	<b>Ordinary business income (loss). Subtract line 21 from line 6</b>			22	
23a	Subtract the estimated tax payments and 2024 estimated tax (see instructions)	23b	Tax from Schedule D (Form 1120-S)	23c	Add lines 23a and 23b (see instructions for additional taxes)
24a	Current year's estimated tax payments and preceding year's overpayment credited to the current year	24b	Tax deposited with Form 7004	24c	Credit for federal tax paid on fuels (attach Form 4136)
24d	Elective payment election amount from Form 3800	24e	Add lines 24a through 24d	24f	Estimated tax penalty (see instructions). Check if Form 2220 is attached
25	Amount owed. If line 24f is smaller than the total of lines 23c and 25, enter amount owed	26	Overpayment. If line 24f is larger than the total of lines 23c and 25, enter amount overpaid	27	Enter amount from line 27. Credited to 2024 estimated tax
28	Refunded	28			

**Sign Here**

**Paid Preparer Use Only**

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11201H Form 1120-S (2023)

**Schedule K-1 (Form 1120-S) 2023** OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

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

**Part II Shareholder's Share of Current Year Income, Credits, etc.**

**1** Ordinary business income (loss) **13** Credits

**2** Net rental real estate income (loss)

**3** Other net rental income (loss)

**4** Interest income

**5a** Ordinary dividends

**5b** Qualified dividends

**6** Royalties

**7** Net short-term capital gain (loss)

**8a** Net long-term capital gain (loss)

**8b** Collectibles (28%) gain (loss)

**8c** Unrecaptured section 1223 gain

**9** Net section 1231 gain (loss)

**10** Other income (loss)

**11** Section 179 deduction

**12** Other deductions

**17** Other information

**18** More than one activity for at-risk purposes?

**19** More than one activity for passive activity purposes?

\* See attached statement for additional information.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. [www.irs.gov/Form1120S](https://www.irs.gov/Form1120S) Cat. No. 11202D Schedule K-1 (Form 1120-S) 2023

Business profit multiplied by % of ownership

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# Schedule K-1 (Form 1120-S)

Business information

Owner's information & involvement

Distributions - Code D

Owner's % of interest

Earnings

**Schedule K-1 (Form 1120-S)**  
Department of the Treasury  
Internal Revenue Service

**2023**  
For calendar year 2023, or tax year

beginning 1 / 1 / 2023 ending 1 / 31 / 2023

Final K-1  Amended K-1

**Part III Shareholder's Share of Current Year Income, Deductions, Credits, etc.**

1	Ordinary business income (loss)	52,500	13	Credited to
2	Net rental real estate income (loss)			
3	Other net rental income (loss)			
4	Interest income			
5a	Ordinary dividends			
5b	Qualified dividends		14	Schedule K-3 is attached # checked <input type="checkbox"/>
6	Royalties		15	Alternative minimum tax (AMT) items
7	Net short-term capital gain (loss)			
8a	Net long-term capital gain (loss)			
8b	Collectibles (28%) gain (loss)			
9	Net capital gain (loss)			
10	Net long-term capital gain (loss)			
11	Net short-term capital gain (loss)			
12	Net capital gain (loss)			
13	Credited to			
14	Schedule K-3 is attached # checked <input type="checkbox"/>			
15	Alternative minimum tax (AMT) items			
16	Items affecting shareholder basis		D	30,000

**Part I Information About the Corporation**

**A** Corporation's employer identification number  
12-3456789

**B** Corporation's name, address, city, state, and ZIP code  
Sample Business  
123 Corporate Ave

**C** IRS Center where corporation filed return

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

**Part II Information About the Shareholder**

**E** Shareholder's identifying number  
123-45-6789

**F** Shareholder's name, address, city, state, and ZIP code  
Sample Borrower  
Anywhere Rd.

**G** Current year allocation percentage . . . . . 50 %

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

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

**For IRS Use Only**

18  More than one activity for at-risk purposes\*  
19  More than one activity for passive activity purposes\*

\* See attached statement for additional information.

OMB No. 1545-0123  
www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S) 2023

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**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

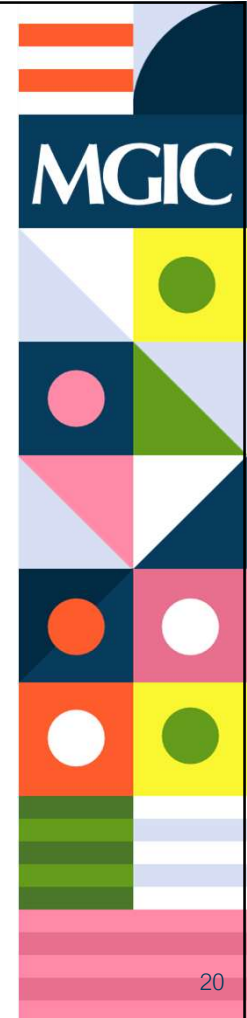
THEN...

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

STOP...

- Nothing else is required

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# Sample Schedule K-1 Form 1120-S

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Schedule K-1 (Form 1120-S) Department of the Treasury Internal Revenue Service

OMB No. 1545-0123

**2023**

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

Final K-1  Amended K-1

### Shareholder's Share of Income, Deductions, Credits, etc.

See separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items	
<b>A</b> Corporation's employer identification number	<b>5a</b> Ordinary dividends	<b>1</b> Ordinary business income (loss) \$148,000	<b>13</b> Credits
<b>B</b> Corporation's name, address, city, state, and ZIP code	<b>5b</b> Qualified dividends	<b>3</b> Other net rental income (loss)	<b>14</b> Schedule K-3 is attached if checked <input type="checkbox"/>
<b>C</b> IRS Center where corporation filed return	<b>6</b> Royalties	<b>4</b> Interest income	<b>15</b> Alternative minimum tax (AMT) items
<b>D</b> Corporation's total number of shares	<b>7</b> Net short-term capital gain (loss)	<b>5a</b> Net long-term capital gain (loss)	<b>16</b> Items affecting shareholder basis D \$148,000
Beginning of tax year	<b>8a</b> Net long-term capital gain (loss)	<b>8b</b> Collectibles (28%) gain (loss)	
End of tax year	<b>8c</b> Unrecaptured section 1250 gain	<b>9</b> Net section 1231 gain (loss)	
<b>E</b> Shareholder's identifying number	<b>10</b> Other income (loss)	<b>11</b> Section 179 deduction	
<b>F</b> Shareholder's name, address, city, state, and ZIP code	<b>12</b> Other deductions	<b>17</b> Other information	
<b>G</b> Current year allocation percentage . . . . . %			
<b>H</b> Shareholder's number of shares			
Beginning of tax year			
End of tax year			
<b>I</b> Loans from shareholder			
Beginning of tax year \$			
End of tax year \$			
For IRS Use Only		<b>18</b> <input type="checkbox"/> More than one activity for at-risk purposes*	
		<b>19</b> <input type="checkbox"/> More than one activity for passive activity purposes*	
		* See attached statement for additional information.	

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S) 2023

## Partnership/S Corp K-1s: Scenario 2

IF...

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

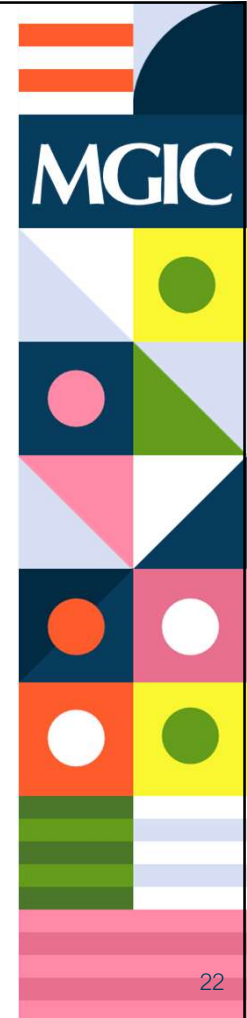
- Cash distributions
- Cash distributions consistent with ordinary income

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 consistent distributions

**Schedule K-1 (Form 1120-S)**  
 Department of the Treasury  
 Internal Revenue Service

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

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

1	Ordinary business income (loss)		13	Credits
2	Net rental real estate income (loss)	\$85,000		
3	Other net rental income (loss)			
4	Interest income			
5a	Ordinary dividends			
5b	Qualified dividends		14	Schedule K-3 is attached if checked
			15	Alternative minimum tax (AMT) items
	Net capital gain (loss)			
	Other capital gain (loss)			
	8% gain (loss)			
	section 1250 gain			
9	Net section 1231 gain (loss)		16	Items affecting shareholder basis
10	Other income (loss)		D	\$25,000
			17	Other information

**Part I Information About the Corporation**

A Corporation's employer identification number

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

**Part II Information About the Shareholder**

E Shareholder's identifying number

F Shareholder's name, address, city, state, and ZIP code

For IRS Use Only

18 More than one activity for at-risk purposes\*

19 More than one activity for passive activity purposes\*

\* See attached statement for additional information.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Cat. No. 11520D Schedule K-1 (Form 1120-S) 2023

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

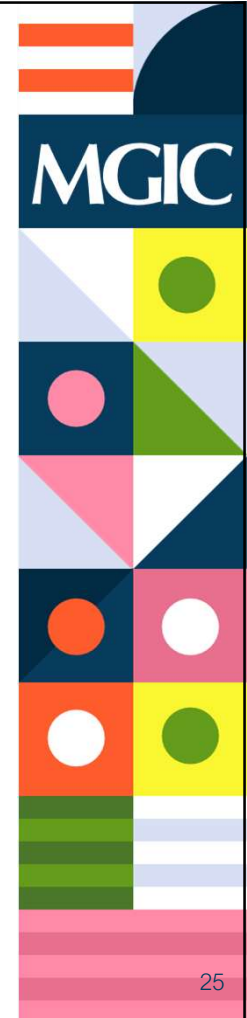
**Option 2:** Limit the amount of qualifying income to the amount of income supported by a history of accessing the income (without getting additional documentation)



## Partnership/S Corp K-1s

- No history of distributions?
- Distributions < ordinary income

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



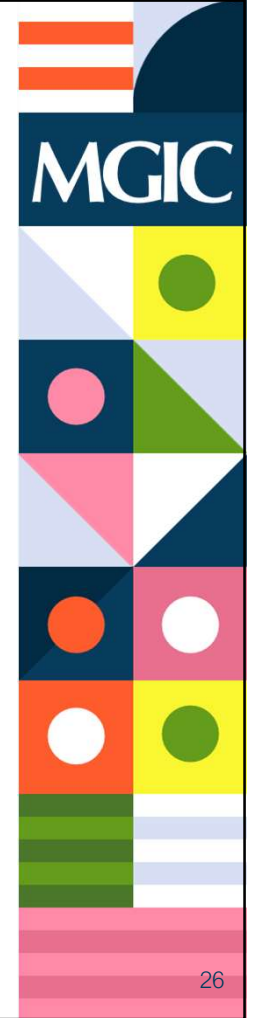
## Who is the investor?



Fannie Mae®

Freddie Mac

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

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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><b>Business review and analysis:</b></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"> <li>The analysis must include a review of the business tax returns</li> <li>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.</li> <li>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.</li> </ul>



# Meet the borrowers

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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**



jandjpropertysolutions.com




# J & J Property Solutions

We handle it all so that you can relax and live life




### Rent Collection

We handle all collections, including rental payments, late fees and penalties. Our online portal makes it easy for tenants to pay rent and for owners to track finances.




### Tenant Screening

We screen every applicant with a thorough background and credit check to ensure they meet strict standards.



### Marketing & Design

We make your home shine with eye-catching listings and marketing. We offer design services to update your property when the time is right for a refresh.



### Maintenance & Repairs

Our in-house maintenance staff makes property maintenance easy. We conduct regular property inspections to allow for early detection of issues.

**Offering experienced and reliable property management services since 2016. We look forward to becoming your solution.**

**mortgage guaranty insurance corporation**

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# 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		<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.		
B		26,000.	
C		61,000.	
D			
29a Totals		87,000.	
b Totals	2,000.		10,000.
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



**Noncash expenses**

- Depreciation
- Depletion
- Amortization
- Business use of home

**Limited IRS deductions**

- Meals
- Travel & entertainment

**Nonrecurring**

- Other income
- One-time expenses

**mortgage guaranty  
insurance corporation**

**SAM Cash Flow Analysis Worksheet**

**S Corporation Cash Flow**

Evaluate business income as required by your investor.

S CORPORATION Name: \_\_\_\_\_

SCHEDULE K-1			
7	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		
8	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.		
	<b>SUBTOTAL</b>	\$ -	\$ -
FORM W-2			
9	Wages: W-2, Box 5 (in general)		
FORM 1120S			
0	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5		
1	Depreciation: LINE 14		
2	Depreciation (FORM 8825): LINE 14		
3	Depletion: LINE 15		
4	Amortization /Casualty Loss (only if noted): LINE 21 from attached statement		
5	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	( )	( )
5	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b	( )	( )
	<b>SUBTOTAL</b>	\$ -	\$ -
7	Multiplied by Ownership Percentage		
	Shareholder's Total Share of Income (Loss)	\$ -	\$ -

# Schedule K-1 (Form 1120-S)

Case study, page 53

**mortgage guaranty  
insurance corporation**

671121  
OMB No. 1545-0123

2023

Schedule K-1 (Form 1120-S) Department of the Treasury Internal Revenue Service

For calendar year 2023, or tax year beginning 2023 ending

Final K-1  Amended K-1

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

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

\* See attached statement for additional information.

### Part I Information About the Corporation

A Corporation's employer identification number 00-000000

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

C IRS Center where corporation filed return

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

### Part II Information About the Shareholder

E Shareholder's identifying number 000-00-0000

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

G Current year allocation percentage 50.0000 %

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

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

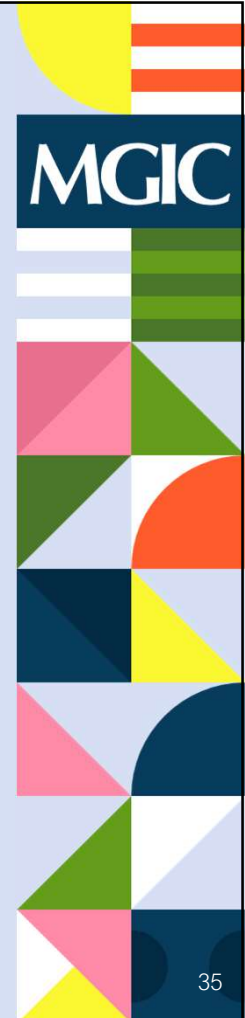
For IRS Use Only

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Schedule K-1 (Form 1120-S) 2023 JSA 3C1650 1.000

## Determine liquidity

- What is liquidity?
  - Ease of ability to convert business assets to cash
  - Offers immediate access to funds
- Business liquidity
  - Measure of financial strength
  - Indicates ability to pay current debts
  - Different businesses have different liquidity needs

### Inventory-intensive vs. low-inventory business



# Liquidity ratios

## Current ratio

The current ratio measures the business's ability to pay its current liabilities with its current assets.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \text{Current Ratio}$$

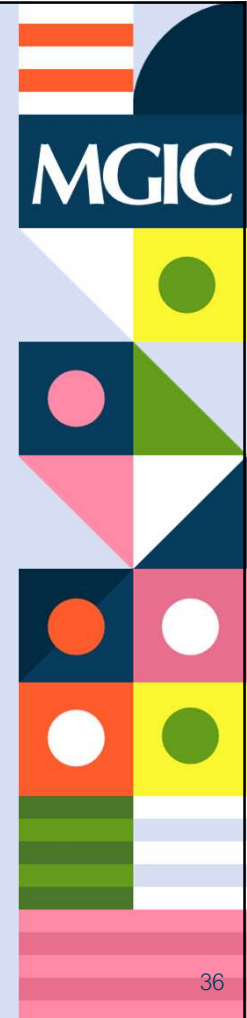
Current Assets  
[Cash & Equivalents + Marketable Securities + Accounts Receivable (Less Bad Debt) + Inventory]

## Quick ratio

The quick ratio is an indicator of a business's ability to pay back its current liabilities with its most liquid assets. Inventory is excluded from the quick ratio.

$$\frac{\text{Quick Assets}}{\text{Current Liabilities}} = \text{Quick Ratio}$$

Quick Assets  
[Cash & Equivalents + Marketable Securities + Accounts Receivable (Less Bad Debt) – Inventory Not Included]



# Schedule L Current ratio

Case study,  
page 58

mortgage guaranty  
insurance corporation

Form 1120-S (2023) Page **4**

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

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash . . . . .		15,400		12,100
2a Trade notes and accounts receivable . . . . .	27,600		39,800	
b Less allowance for bad debts . . . . .	(2,760)	24,840	(10,980)	28,820
3 Inventories . . . . .		30,000		12,000
4 U.S. government obligations . . . . .				
5 Tax-exempt securities (see instructions) . . . . .		6,000		6,000
6 Other current assets (attach statement) . . . . .		15,000		0
				130,800
			232,800	
			(47,900)	184,900
				374,620
				25,200
				20,400
				3,000
				78,660
				10,000
				2,000
				50,000
				185,360
				( )
				374,620

Form **1120-S** (2023)

### Liquidity Worksheet

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

**In general:**

- Use the Current Ratio for a business that doesn't rely on inventory to generate its income (i.e., pest control company)
- Use the Quick Ratio for a business that relies heavily on inventory to generate its income (i.e., hardware store)

Typically, a result of 1.0 or greater for either ratio demonstrates adequate liquidity. However, it's important to use the most appropriate ratio, based on how the business operates. Inventory guidelines may vary and other liquidity methods may apply. FOLLOW INVESTOR GUIDELINES.

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

Business Name	Completed by	Date
Schedule L - Assets		
1 Cash: Line 1, Column d		
2 Trade notes and accounts receivable, less bad debt: Line 2b, Column d		
3 Inventories: Line 3, Column d		
4 Other: _____		
5 Total Current Assets:	\$ -	\$ -
Schedule L - Liabilities		
6 Accounts Payable: Form 1120S Line 16/Form 1063 Line 13, Column d		
7 Mortgages, notes, bonds payable < 1 year: Form 1120S Line 17/Form 1063 Line 16, Column d		
8 Other current liabilities: Form 1120S Line 18/Form 1063 Line 17, Column d		
9 Total Current Liabilities:	\$ -	\$ -
Current Ratio		
Total Current Assets: Row 5 - Assets above	\$ -	\$ -
Total Current Liabilities: Row 9 - Liabilities above	\$ -	\$ -
Current Ratio: In general, a ratio > 1 demonstrates adequate liquidity	N/A	N/A
Quick Ratio		
Cash, notes, accounts receivable [less bad debt] & other: Rows 1, 2 & 4 - Assets above	\$ -	\$ -
Total Current Liabilities: Row 9 - Liabilities above	\$ -	\$ -
Quick Ratio: In general, a ratio > 1 demonstrates adequate liquidity	N/A	N/A

# MGIC Liquidity Worksheet

mortgage guaranty  
insurance corporation

## Liquidity Worksheet

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

X	Business: J & J Property Solutions	Completed by: Lender
---	------------------------------------	----------------------

Schedule L - Assets		Input the Year(s):	2023
---------------------	--	--------------------	------

1	Cash: Line 1, Column d	\$	12,100.00
2	Trade notes and accounts receivable, less bad debt: Line 2b, Column d	\$	28,820.00
3	Inventories: Line 3, Column d	\$	12,000.00
4	Other:		
5	<b>Total Current Assets:</b>	\$	52,920.00

Schedule L - Liabilities		2023	
--------------------------	--	------	--

6	Accounts Payable: Form 1120S Line 16/Form 1065 Line 15, Column d	\$	25,200.00
7	Mortgages, notes, bonds payable < 1 year: Form 1120S Line 17/Form 1065 Line 16, Column d	\$	20,400.00
8	Other current liabilities: Form 1120S Line 18/Form 1065 Line 17, Column d	\$	3,000.00
9	<b>Total Current Liabilities:</b>	\$	48,600.00

Current Ratio		2023	
---------------	--	------	--

	Total Current Assets: Row 5 - Assets above	\$	52,920.00
	Total Current Liabilities: Row 9 - Liabilities above	\$	48,600.00
	<b>Current Ratio:</b> In general, a ratio $\geq 1$ demonstrates adequate liquidity		<b>1.09</b>

Quick Ratio		2023	
-------------	--	------	--

	Cash, notes, accounts receivable (less bad debt) & other: Rows 1, 2 & 4 - Assets above	\$	40,920.00
	Total Current Liabilities: Row 9 - Liabilities above	\$	48,600.00
	<b>Quick Ratio:</b> In general, a ratio $\geq 1$ demonstrates adequate liquidity		<b>0.84</b>

# Current ratio or quick ratio?

## Liquidity Worksheet

MGIC

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

### In general:

- Use the *Current Ratio* for a business that doesn't rely on inventory to generate its income (i.e., pest control company)
- Use the *Quick Ratio* for a business that relies heavily on inventory to generate its income (i.e., hardware store)

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

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

X	Business:	J & J Property Solutions	Completed by:	Lender	Date:	
---	-----------	--------------------------	---------------	--------	-------	--

# Effect on cash flow analysis

mortgage guaranty insurance corporation

X	S CORPORATION	Name:	J & J Property Solutions	2023
SCHEDULE K-1				
37	Ordinary Income (Loss):	LINE 1	If > Distributions see additional requirements.	\$ 61,000.00
38	Net Rental Income (Loss):	LINES 2 & 3	If > Distributions see additional requirements.	
	SUBTOTAL			\$ 61,000.00
FORM W-2				
39	Wages:	W-2, Box 5	(in general)	
FORM 1120S				
40	Deduct nonrecurring income/add nonrecurring loss:	LINES 4 & 5		
41	Depreciation:	LINE 14		
42	Depreciation (FORM 8825):	LINE 14		
43	Depletion:	LINE 15		
44	Amortization/Casualty Loss (only if noted):	LINE 21	from attached statement	
45	Mortgages or Notes Payable in Less Than 1 Year:	Schedule L, LINE 17, Column d		( )
46	Non-Deductible Travel and Entertainment Exclusion:	Schedule M-1, LINE 3b		( )
	SUBTOTAL			\$ -
47	Multiplied by Ownership Percentage			
	Shareholder's Total Share of Income (Loss)			\$ -



# Form 1120-S

Case study, pages 53, 55 - 59

mortgage guaranty insurance corporation

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

OMB No. 1545-0123  
**2023**

Department of the Treasury, Internal Revenue Service  
Go to [www.irs.gov/Form1120S](http://www.irs.gov/Form1120S) for instructions and the latest information.

For calendar year 2023 of tax year beginning . . . . . 2023, ending . . . . . 20

**A** S election effective date . . . . .

**B** Business activity code (number) (see instructions) . . . . .

**C** TYPE . . . . .

**D** Employer identification number . . . . . 00-0000000

**E** Date incorporated . . . . . 09/01/2016

**F** Total assets (see instructions) . . . . . \$ 374,620

---

**Schedule K-1 (Form 1120-S)**  
Department of the Treasury, Internal Revenue Service  
OMB No. 1545-0123

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

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

**1** Ordinary business income (loss) . . . . . 61,000

**2** Net rental real estate income (loss) . . . . .

**3** Other net rental income (loss) . . . . .

**4** Interest income . . . . . 1,200

**5a** Ordinary dividends . . . . .

**5b** Qualified dividends . . . . .

**6** Royalties . . . . .

**7** Net short-term capital gain (loss) . . . . .

**8a** Net long-term capital gain (loss) . . . . .

**8b** Unrecaptured section 1250 gain . . . . .

**9** Net section 1231 gain (loss) . . . . .

**10** Other income (loss) . . . . .

**11** Section 179 deduction . . . . .

**12** Other deductions . . . . .

**13** Credits . . . . .

**14** Schedule K-3 is attached if checked . . . . .

**15** Alternative minimum tax (AMT) items . . . . .

**16** Items affecting shareholder basis . . . . . 500

**17** Other information . . . . . 1,200

**18** More than one activity for at-risk purposes\* . . . . .

**19** More than one activity for passive activity purposes\* . . . . .

\* See attached statement for additional information.

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

**Part I Information About the Corporation**

**A** Corporation's employer identification number . . . . . 00-0000000

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

**C** IRS Center where corporation filed return . . . . .

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

**Part II Information About the Shareholder**

**E** Shareholder's identifying number . . . . . 000-00-0000

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

**G** Current year allocation percentage . . . . . 50.0000 %

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

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

**For IRS Use Only**

**20** . . . . . 8,500

**21** . . . . . 72,400

**22** . . . . . 122,000

**23c** . . . . .

**24z** . . . . .

**25** . . . . .

**26** . . . . .

**27** . . . . .

**28** Refunded . . . . .

statements, and to the best of my knowledge and belief, it is true, correct, and complete, and I am not aware of any knowledge.

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

Check  if self-employed  if PTIN

Firm's EIN . . . . . 00-0000000

Phone no. . . . .

Form 1120-S (2023)

$\$122,000 \times 50\% = \$61,000$

2,000 c Balance	1c	330,400
	2	146,000
	3	184,400
	4	
	5	10,000
	6	194,400
	7	
	8	
	9	8,000
	10	
	11	
	12	2,100
	13	2,900
	14	13,500
	15	
	16	
	17	3,400
	18	8,000
	19	
	20	8,500
	21	72,400
	22	122,000

Form **1120-S** U.S. Income Tax Return for an S Corporation OMB No. 1545-0123  
 Department of the Treasury Internal Revenue Service Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Go to [www.irs.gov/Form1120S](http://www.irs.gov/Form1120S) for instructions and the latest information. **2023**

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

**A** S election effective date . . . . .  
**B** Business activity code number (see instructions) . . . . .  
**C** Check if Sch. M-3 attached  **PRINT** City or town, state or province, country, and ZIP or foreign postal code . . . . .  
**D** Employer identification number . . . . .  
**E** Date incorporated . . . . .  
**F** Total assets (see instructions) \$ . . . . .

**G** Is the corporation electing to be an S corporation beginning with this tax year? See instructions.  Yes  No  
**H** Check if: (1)  Final return (2)  Name change (3)  Address change (4)  Amended return (5)  S election termination  
**I** Enter the number of shareholders who were shareholders during any part of the tax year . . . . .  
**J** Check if corporation: (1)  Aggregated activities for section 465 at-risk purposes (2)  Grouped activities for section 469 passive activity purposes

**Caution:** Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.

<b>1a</b> Gross receipts or sales	332,400	<b>b</b> Less returns and allowances	2,000	<b>c</b> Balance	<b>1c</b> 330,400
<b>2</b> Cost of goods sold (attach Form 1125-A)					<b>2</b> 146,000
<b>3</b> Gross profit. Subtract line 2 from line 1c.					<b>3</b> 184,400
<b>4</b> Net gain (loss) from Form 4797, line 17 (attach Form 4797)					<b>4</b>
<b>5</b> Other income (loss) (see instructions - attach statement)	SEE STATEMENT				<b>5</b> 10,000
<b>6</b> Total income (loss). Add lines 3 through 5					<b>6</b> 194,400
<b>7</b> Compensation of officers (see instructions - attach Form 1125-E)					<b>7</b>
<b>8</b> Salaries and wages (less employment credits)					<b>8</b> 26,000
<b>9</b> Repairs and maintenance					<b>9</b> 8,000
<b>10</b> Bad debts					<b>10</b>
<b>11</b> Rents					<b>11</b>
<b>12</b> Taxes and licenses					<b>12</b> 2,100
<b>13</b> Interest (see instructions)					<b>13</b> 2,900
<b>14</b> Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)					<b>14</b> 13,500
<b>15</b> Depletion (Do not deduct oil and gas depletion)					<b>15</b>
<b>16</b> Advertising					<b>16</b>
<b>17</b> Pension, profit-sharing, etc., plans					<b>17</b> 3,400
<b>18</b> Employee benefit programs					<b>18</b> 8,000
<b>19</b> Energy efficient commercial buildings deduction (attach Form 7205)					<b>19</b>
<b>20</b> Other deductions (attach statement) INSURANCE 7,500 AMORTIZATION 1,000					<b>20</b> 8,500
<b>21</b> Total deductions. Add lines 7 through 20					<b>21</b> 72,400
<b>22</b> Ordinary business income (loss). Subtract line 21 from line 6					<b>22</b> 122,000
<b>23a</b> Excess net passive income or LIFO recapture tax (see instructions)		<b>23a</b>			
<b>b</b> Tax from Schedule D (Form 1120-S)		<b>23b</b>			
<b>c</b> Add lines 23a and 23b (see instructions for additional taxes)		<b>23c</b>			
<b>24a</b> Current year's estimated tax payments and preceding year's overpayment credited to the current year		<b>24a</b>			
<b>b</b> Tax deposited with Form 7004		<b>24b</b>			
<b>c</b> Credit for federal tax paid on fuels (attach Form 4136)		<b>24c</b>			
<b>d</b> Elective payment election amount from Form 3800		<b>24d</b>			
<b>z</b> Add lines 24a through 24d		<b>24z</b>			
<b>25</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>		<b>25</b>			
<b>26</b> Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed		<b>26</b>			
<b>27</b> Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid		<b>27</b>			
<b>28</b> Enter amount from line 27. Credited to <b>2024</b> estimated tax <b>Refunded</b>		<b>28</b>			

**Sign Here** Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_  
 May the IRS discuss this return with the preparer shown below? See instructions.  Yes  No

**Paid Preparer Use Only**  
 Print/Type preparer's name \_\_\_\_\_ Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check  if self-employed PTIN \_\_\_\_\_  
 Firm's name V. I. P. TAX INC. Firm's EIN 00-000000  
 3 PEACHTREE LANE  
 JACKSON, TN 38305 Phone no. \_\_\_\_\_

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



## SAM Cash Flow Analysis Worksheet

<b>X</b> S CORPORATION	Name J & J Property Solutions	2023
SCHEDULE K-1		
Form 1120S, Page 1 Detail		
=====		
Line 5 - Other Income		
-----		
Ordinary income from partnership - The Accounting House	10,000	
Total	10,000	
=====		
Shareholder'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

**Schedule K-1 (Form 1065) 2023** 651123  
 Department of the Treasury Internal Revenue Service For calendar year 2023, or tax year beginning \_\_\_\_\_ ending \_\_\_\_\_

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

**Part I Information About the Partnership**  
 A Partnership's employer identification number: 98-7654321  
 B Partnership's name, address, city, state, and ZIP code: THE ACCOUNTING HOUSE, 123 NEWHALL AVE, JACKSON, TN 38305  
 C IRS center where partnership filed return: \_\_\_\_\_  
 D Check if this is a publicly traded partnership (PTP):

**Part II Information About the Partner**  
 E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.): 00-0000000  
 F Name, address, city, state, and ZIP code for partner entered in E. See instructions: J & J PROPERTY SOLUTIONS, 2500 N EXECUTIVE DR, JACKSON, TN 38305  
 G  General partner or LLC member-manager  Limited partner or other LLC member  
 H1  Domestic partner  Foreign partner  
 H2 If the partner is a disregarded entity (DE), enter the partner's: TIN \_\_\_\_\_ Name \_\_\_\_\_  
 I1 What type of entity is this partner?  S-CORP  
 I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here, . . .  
 J Partner's share of profit, loss, and capital (see instructions):  

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

 Check if decrease is due to:  Sale or  Exchange of partnership interest. See instructions.  
 K1 Partner's share of liabilities:  

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

 K2 Check 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 . . . . . \$ \_\_\_\_\_

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**  
 1 Ordinary business income (loss) 10,000  
 2 Net rental real estate income (loss)  
 3 Other net rental income (loss)  
 4a Guaranteed payments for services  
 4b Guaranteed payments for capital  
 4c Total guaranteed payments  
 5 Interest income  
 6a Ordinary dividends  
 6b Qualified dividends  
 6c Dividend equivalents  
 7 Royalties  
 8 Net short-term capital gain (loss)  
 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  
 14 Self-employment earnings (loss)  
 15 Credits  
 16 Schedule K-3 is attached if checked . . . . .   
 17 Alternative minimum tax (AMT) items  
 18 Tax-exempt income and nondeductible expenses  
 19 Distributions 10,000  
 20 Other information  
 21 Foreign taxes paid or accrued  
 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

**mortgage guaranty insurance corporation**

**Schedule K-1 (Form 1065) 2022** 651121  
 Department of the Treasury Internal Revenue Service For calendar year 2022, or tax year beginning \_\_\_\_\_ ending \_\_\_\_\_

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

**Part I Information About the Partnership**  
 A Partnership's employer identification number: 98-7654321  
 B Partnership's name, address, city, state, and ZIP code: THE ACCOUNTING HOUSE, 123 NEWHALL AVE, JACKSON, TN 38305  
 C IRS center where partnership filed return: \_\_\_\_\_  
 D Check if this is a publicly traded partnership (PTP):

**Part II Information About the Partner**  
 E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.): 00-0000000  
 F Name, address, city, state, and ZIP code for partner entered in E. See instructions: J & J PROPERTY SOLUTIONS, 2500 N EXECUTIVE DR, JACKSON, TN 38305  
 G  General partner or LLC member-manager  Limited partner or other LLC member  
 H1  Domestic partner  Foreign partner  
 H2 If the partner is a disregarded entity (DE), enter the partner's: TIN \_\_\_\_\_ Name \_\_\_\_\_  
 I1 What type of entity is this partner?  S-CORP  
 I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here, . . .  
 J Partner's share of profit, loss, and capital (see instructions):  

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

 Check if decrease is due to sale or exchange of partnership interest.   
 K Partner's share of liabilities:  

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

 K2 Check if any of the above liability amounts from lower-tier partnerships

**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 . . . . . \$ \_\_\_\_\_

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**  
 1 Ordinary business income (loss) 8,000  
 2 Net rental real estate income (loss)  
 3 Other net rental income (loss)  
 4a Guaranteed payments for services  
 4b Guaranteed payments for capital  
 4c Total guaranteed payments  
 5 Interest income  
 6a Ordinary dividends  
 6b Qualified dividends  
 6c Dividend equivalents  
 7 Royalties  
 8 Net short-term capital gain (loss)  
 9a Net long-term capital gain (loss) 8,000  
 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  
 14 Self-employment earnings (loss)  
 15 Credits  
 16 Schedule K-3 is attached if checked . . . . .   
 17 Alternative minimum tax (AMT) items  
 18 Tax-exempt income and nondeductible expenses  
 19 Distributions 8,000  
 20 Other information  
 21 Foreign taxes paid or accrued  
 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) 2022



## SAM Cash Flow Analysis Worksheet

X	S CORPORATION	Name	J & J Property Solutions	2023
<b>SCHEDULE K-1</b>				
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.			\$ 61,000.00
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
<b>SUBTOTAL</b>				\$ 61,000.00
<b>FORM W-2</b>				
39	Wages: W-2, Box 5 (in general)			
<b>FORM 1120S</b>				
40	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5			
41	Depreciation: LINE 14			\$ 13,500.00
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss (only if noted): LINE 21 from attached statement			\$ 1,000.00
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d			( )
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b			( )
<b>SUBTOTAL</b>				\$ 14,500.00
47	Multiplied by Ownership Percentage			
<b>Shareholder's Total Share of Income (Loss)</b>				\$ -

Form **1120-S** U.S. Income Tax Return for an S Corporation OMB No. 1545-0123  
 Department of the Treasury Internal Revenue Service Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. Go to [www.irs.gov/Form1120S](http://www.irs.gov/Form1120S) for instructions and the latest information. **2023**

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

**A** S election effective date . . . . .

**B** Business activity code (see instructions) . . . . .

**C** Check if Sch. M-3 attached . . . . .

**D** Employer identification number . . . . . 00-0000000

**E** Date incorporated . . . . . 09/01/2016

**F** Total assets (see instructions) . . . . . \$ 374,620

**G** Is the corporation electing to be an S corporation beginning with this tax year? See instructions.  Yes  No

**H** Check if: (1)  Final return (2)  Name change (3)  Address change (4)  Amended return (5)  S election termination

**I** Enter the number of shareholders who were shareholders during any part of the tax year . . . . .

**J** Check if corporation: (1)  Aggregated activities for section 465 at-risk purposes (2)  Grouped activities for section 469 passive activity purposes

**Caution:** Include only trade or business income and expenses on lines 1a through 22. See the instructions for more information.

<b>1a</b> Gross receipts or sales	332,400	<b>b</b> Less returns and allowances	2,000	<b>c</b> Balance	330,400
<b>2</b> Cost of goods sold (attach Form 1125-A)					146,000
<b>3</b> Gross profit. Subtract line 2 from line 1c.					184,400
<b>4</b> Net gain (loss) from Form 990-B, line 11 (attach Form 990-B)					
<b>5</b> Other income (loss) (see instructions - attach statement)	SEE STATEMENT				10,000
<b>6</b> Total income (loss). Add lines 3 through 5					194,400
<b>7</b> Compensation of officers (see instructions - attach Form 1125-E)					
<b>8</b> Salaries and wages (less employment credits)					26,000
<b>9</b> Repairs and maintenance					8,000
<b>10</b> Bad debts					
<b>11</b> Rents					
<b>12</b> Taxes and licenses					2,100
<b>13</b> Interest (see instructions)					2,900
<b>14</b> Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)					13,500
<b>15</b> Depletion (Do not deduct oil and gas depletion.)					
<b>16</b> Advertising					
<b>17</b> Pension, profit-sharing, etc., plans					3,400
<b>18</b> Employee benefit programs					8,000
<b>19</b> Energy efficient commercial buildings deduction (attach Form 7205)					
<b>20</b> Other deductions (attach statement)	INSURANCE 7,500 AMORTIZATION 1,000				8,500
<b>21</b> Total deductions. Add lines 7 through 20					72,400
<b>22</b> Ordinary business income (loss). Subtract line 21 from line 6					122,000
<b>23a</b> Excess net passive income or LIFO recapture tax (see instructions)	23a				
<b>b</b> Tax from Schedule D (Form 1120-S)	23b				
<b>c</b> Add lines 23a and 23b (see instructions for additional taxes)	23c				
<b>24a</b> Current year's estimated tax payments and preceding year's overpayment credited to the current year	24a				
<b>b</b> Tax deposited with Form 7004	24b				
<b>c</b> Credit for federal tax paid on fuels (attach Form 4136)	24c				
<b>d</b> Elective payment election amount from Form 3800	24d				
<b>z</b> Add lines 24a through 24d	24z				
<b>25</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached	25				
<b>26</b> Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed	26				
<b>27</b> Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid	27				
<b>28</b> Enter amount from line 27. Credited to 2024 estimated tax	28				

**Sign Here** Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

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

**Paid Preparer Use Only**

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-S** (2023)

# Form 1120-S, Schedule L

Form 1120-S (2023) Page **4**

**Schedule K Shareholders' Pro Rata Share Items (continued)**

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

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		15,400		12,100
2a Trade notes and accounts receivable	27,600		39,800	
b Liabilities and Shareholders' Equity				
17 Mortgages, notes, bonds payable in less than 1 year		22,000		20,400
18 Other liabilities (attach statement)		17,700		17,700
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		119,100		78,660
21 Other liabilities (attach statement)		13,100		10,000
22 Capital stock		2,000		2,000
23 Additional paid-in capital		50,000		50,000
24 Retained earnings		121,960		185,360
25 Adjustments to shareholders' equity (attach statement)				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity		348,740		374,620

- Line of credit
- Regular rollover
- Sufficient liquid assets

mortgage guaranty insurance corporation

# SAM Cash Flow Analysis Worksheet

**S Corporation Cash Flow**

Evaluate business income as required by your investor.

S CORPORATION Name: J & J Property Solutions - James

**SCHEDULE K-1**

37 Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.	\$ 61,000.00
38 Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.	
<b>SUBTOTAL</b>	\$ 61,000.00
<b>FORM W-2</b>	
39 Wages: W-2, Box 5 (in general)	
<b>FORM 1120S</b>	
40 Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5	
41 Depreciation: LINE 14	
42 Depreciation (FORM 8825): LINE 14	\$ 13,500.00
43 Depletion: LINE 15	
44 Amortization/Casualty Loss (only if noted): LINE 19 from attached statement	\$ 1,000.00
45 Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	( )
46 Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b	( )
<b>SUBTOTAL</b>	\$ 14,500.00
47 Multiplied by Ownership Percentage	50.00%
<b>Shareholder's Total Share of Income (Loss)</b>	\$ 7,250.00

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
 Note: The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books . . . . .	123,400	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 16f (itemize):		6	Deductions included on Schedule K, lines 1 through 12, and 16f, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$ 1,000	1,000	7	Add lines 5 and 6 . . . . .	
4	Add lines 1 through 3 . . . . .	124,400	8	Income (loss) (Schedule K, line 18).	
				Subtract line 7 from line 4 . . . . .	124,400

**Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account**  
 (see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1	Balance at beginning of tax year . . . . .	121,960		
2	Ordinary income from page 1, line 22 . . . . .	122,000		
3	Other additions . . . . .	2,400		
4	Loss from page 1, line 22 . . . . .	( )		
5	Other reductions . . . . .	( 1,000 )		( )
6	Combine lines 1 through 5 . . . . .	245,360		
7	Distributions . . . . .	60,000		
8	Balance at end of tax year. Subtract line 7 from line 6 . . . . .	185,360		

## SAM Cash Flow Analysis Worksheet

**X** S CORPORATION Name J & J Property Solutions - James 2023

SCHEDULE K-1		
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.	\$ 61,000.00
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.	
<b>SUBTOTAL</b>		<b>\$ 61,000.00</b>
FORM W-2		
39	Wages: W-2, Box 5 (in general)	
FORM 1120S		
40	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5	
41	Depreciation: LINE 14	\$ 13,500.00
42	Depreciation (FORM 8825): LINE 14	
43	Depletion: LINE 15	
44	Amortization/Casualty Loss (only if noted): LINE 21 from attached statement	\$ 1,000.00
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d	( )
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b	( \$ 1,000.00 )
<b>SUBTOTAL</b>		<b>\$ 13,500.00</b>
47	Multiplied by Ownership Percentage	50.00%
<b>Shareholder's Total Share of Income (Loss)</b>		<b>\$ 6,750.00</b>

**mortgage guaranty insurance corporation**

# Effect on cash flow analysis

mortgage guaranty insurance corporation

X	S CORPORATION	Name J & J Property Solutions	2023	2022
<b>SCHEDULE K-1</b>				
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		\$ 61,000.00	\$ 57,500.00
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
	<b>SUBTOTAL</b>		\$ 61,000.00	\$ 57,500.00
<b>FORM W-2</b>				
39	Wages: W-2, Box 5 (in general)			
<b>FORM 1120S</b>				
40	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5			
41	Depreciation: LINE 14		\$ 13,500.00	\$ 12,750.00
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss (only if noted): LINE 21 from attached statement		\$ 1,000.00	\$ 875.00
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d		( )	( )
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b		( \$ 1,000.00 )	( \$ 895.00 )
	<b>SUBTOTAL</b>		\$ 13,500.00	\$ 12,730.00
47	Multiplied by Ownership Percentage		50.00%	50.00%
	<b>Shareholder's Total Share of Income (Loss)</b>		\$ 6,750.00	\$ 6,365.00



# What is the earnings trend?

mortgage guaranty insurance corporation

X	S CORPORATION	Name J & J Property Solutions	2023	2022
SCHEDULE K-1				
37	Ordinary Income (Loss): LINE 1 If > Distributions see additional requirements.		\$ 61,000.00	\$ 57,500.00
38	Net Rental Income (Loss): LINES 2 & 3 If > Distributions see additional requirements.			
	SUBTOTAL		\$ 61,000.00	\$ 57,500.00
FORM W-2				
39	Wages: W-2, Box 5 (in general)			
FORM 1120S				
40	Deduct nonrecurring income/add nonrecurring loss: LINES 4 & 5			
41	Depreciation: LINE 14		\$ 13,500.00	\$ 12,750.00
42	Depreciation (FORM 8825): LINE 14			
43	Depletion: LINE 15			
44	Amortization/Casualty Loss (only if noted): LINE 21 from attached statement		\$ 1,000.00	\$ 875.00
45	Mortgages or Notes Payable in Less Than 1 Year: Schedule L, LINE 17, Column d		( )	( )
46	Non-Deductible Travel and Entertainment Exclusion: Schedule M-1, LINE 3b		( \$ 1,000.00 )	( \$ 895.00 )
	SUBTOTAL		\$ 13,500.00	\$ 12,730.00
47	Multiplied by Ownership Percentage		50.00%	50.00%
	Shareholder's Total Share of Income (Loss)		\$ 6,750.00	\$ 6,365.00
			\$67,750.00	\$63,865.00
			/24 = \$5,483.96	



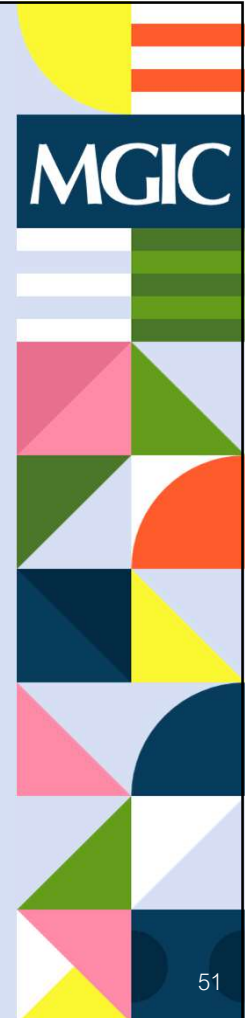
**Schedule B  
Interest and  
Dividends**

MGIC

50

## Schedule B

- Interest from self-employment
- Dividends from self-employment
- Other interest and dividends
  - Use tax return as supporting documentation
  - Follow investor documentation guidelines



# Schedule B

Case study, page 20 - 21

mortgage guaranty insurance corporation

### SCHEDULE B (Form 1040)

Department of the Treasury Internal Revenue Service

### Interest and Ordinary Dividends

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

OMB No. 1545-0074

2023 Attachment Sequence No. 08

Name(s) shown on return James & Jessica Johnson

Your social security number 000-00-0000

		Amount
<b>Part I Interest</b> (See instructions and the Instructions for Form 1040, line 2b.) <b>Note:</b> 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.	<b>1</b> List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address: Colonial Federal ..... 500. J & J Property Solutions ..... 1,200.	
	<b>2</b> Add the amounts on line 1	1,700.
	<b>3</b> Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815.	
	<b>4</b> Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b <b>Note:</b> If line 4 is over \$1,500, you must complete Part III.	1,700.

		Amount
<b>Part II Ordinary Dividends</b> (See instructions and the Instructions for Form 1040, line 3b.) <b>Note:</b> If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.	<b>5</b> List name of payer: IBM ..... 500. Creative Design Concepts ..... 6,400.	
	<b>6</b> Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b <b>Note:</b> If line 6 is over \$1,500, you must complete Part III.	6,900.

### Part III Foreign Accounts and Trusts

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

	Yes	No
<b>7a</b> 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 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		X
<b>b</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:		
<b>8</b> 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

# Effect on cash flow analysis

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671121  
OMB No. 1545-0123

**2023**

Schedule K-1 (Form 1120-S) Department of the Treasury Internal Revenue Service For calendar year 2023, or tax year beginning 2023 ending

Final K-1  Amended K-1

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items		
1	Ordinary business income (loss)	61,000
2	Net rental real estate income (loss)	
3	Other net rental income (loss)	
4	Interest income	1,200
5a	Ordinary dividends	
5b	Qualified dividends	
6	Royalties	
13	Credits	
14	Schedule K-3 is attached if checked	<input type="checkbox"/>
15	Alternative minimum tax (AMT) items	

**Part I Information About the Corporation**

A Corporation's employer identification number 00-000000

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

**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

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

G Current year allocation percentage . . . . . 50.0000 %

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

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

11 Section 179 deduction

12 Other deductions

17 Other information  
A 1,200

18 More than one activity for at-risk purposes\*

19 More than one activity for passive activity purposes\*

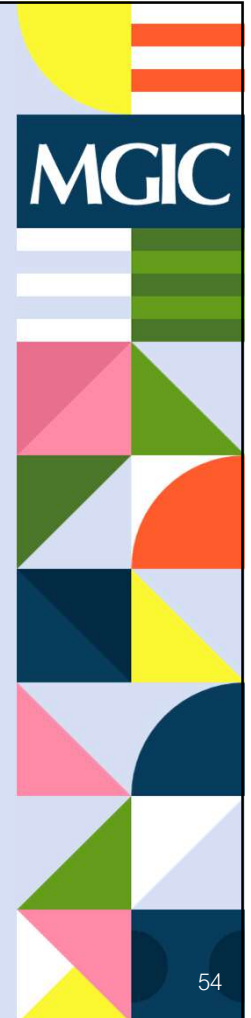
\* See attached statement for additional information.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120-S. www.irs.gov/Form1120S Schedule K-1 (Form 1120-S) 2023 JSA 3C1650 1.000

# Purpose of cash flow analysis

Verify qualifying income that is:

- Stable
- Likely to continue



# TOOLS FOR SUCCESS!

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- Rental income calculator

Updated for 2024:

- Employment and other income calculator

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*Amanda, Underwriter*

01 02

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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 bar 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 content area is titled 'SEB and income analysis calculators and resources' and includes a sub-header: 'Explore and download MGIC's editable, auto-calculating self-employed borrower and employment and other income worksheets and resources.' Below this, there are buttons for 'Overview video', 'Updated calculators', 'Additional resources', and 'FAQs'. A video player is embedded, showing an 'Overview & demo: All-in-one self-employed income calculator'. A yellow banner contains 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 incorporates 4 worksheets, including SAM cash flow analysis, liquidity comparative income analysis, and P&L analysis. Other calculators listed include 'Employment & other income calculator' and 'Rental income calculator'.


# Training – SEB webinars

<p><b>Skill-based</b> 60 minutes</p> <p>Analyzing Self-Employed Borrowers 101 – Getting Started &amp; the Sole Proprietor</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p><b>Skill-based</b> 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><b>Skill-based</b> 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><b>Skill-based</b> 60 minutes</p> <p>Analyzing Self-Employed Borrowers 301 – Focusing on Corporations &amp; Financial Statements</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>
<p><b>Skill-based</b> 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><b>Skill-based</b> 60 minutes</p> <p>Evaluating &amp; Calculating Rental Income</p> <p>Recorded Session Available any time.</p> <p>Register Watch now</p>	<p><b>Skill-based</b> 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><b>Skill-based</b> 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.

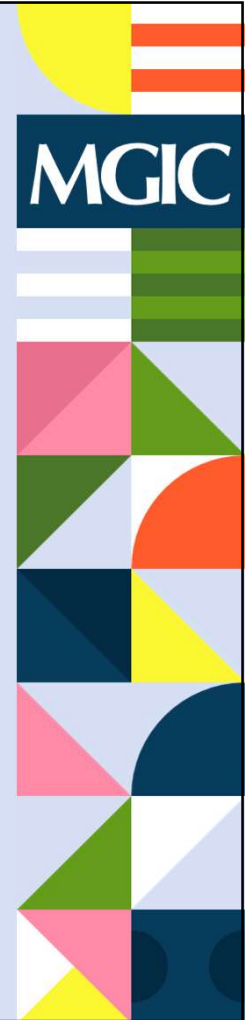
[Explore the series >](#)

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