

A woman with dark curly hair, wearing a grey blazer, is looking down at a laptop in an office setting. In the background, another person is visible, and there are office desks and windows.

Beyond Schedule C

Disclaimer: This presentation/document does not constitute tax advice. If you have any questions about any of the material presented, please seek advice from a tax professional.

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Underwriting Components

Analyze tax returns for income that is:

- Regular
 - Predictable and consistent
- Recurring
 - Determined by looking at the history and trends of this income to help predict the future of the income stream



Fannie Mae Cash Flow Analysis Form

Partnership Income

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Partnership or S Corporation

A self-employed borrower's share of Partnership or S Corporation earnings can only be considered if the lender obtains documentation, such as Schedule K-1, verifying that

- the income was actually distributed to the borrower, or
- the business has adequate liquidity to support the withdrawal of earnings. If the Schedule K-1 provides this confirmation, no further documentation of business liquidity is required.

Note: See the Instructions for additional guidance on documenting access to income and business liquidity.

IRS Form 1065 - Partnership Income

	Year _____	Year _____
7. Schedule K-1 Form 1065 – Partner's Share of Income		
a. Ordinary Income (Loss)	(+/-) _____	(+/-) _____
b. Net Rental Real Estate; Other Net Income (Loss)	(+/-) _____	(+/-) _____
c. Guaranteed Payments to Partner	(+) _____	(+) _____
8. Form 1065 - Adjustments to Business Cash Flow		
a. Ordinary (Income) Loss from Other Partnerships	(+/-) _____	(+/-) _____
b. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
c. Depreciation	(+) _____	(+) _____
d. Depletion	(+) _____	(+) _____
e. Amortization/Casualty Loss	(+) _____	(+) _____
f. Mortgages or Notes Payable in Less than 1 Year	(-) _____	(-) _____
g. Non-deductible Travel and Entertainment Expenses	(-) _____	(-) _____
h. Subtotal	_____	_____
i. Total Form 1065 (Subtotal multiplied by % of ownership)	_____	_____

IRS Form 1120S – S Corporation Earnings

	Year _____	Year _____
9. Schedule K-1 Form 1120S – Shareholder's Share of Income		
a. Ordinary Income (Loss)	(+/-) _____	(+/-) _____
b. Net Rental Real Estate; Other Net Rental Income (Loss)	(+/-) _____	(+/-) _____
10. Form 1120S - Adjustments to Business Cash Flow		
a. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
b. Depreciation	(+) _____	(+) _____
c. Depletion	(+) _____	(+) _____
d. Amortization/Casualty Loss	(+) _____	(+) _____
e. Mortgages or Notes Payable in Less than 1 Year	(-) _____	(-) _____
f. Non-deductible Travel and Entertainment Expenses	(-) _____	(-) _____
g. Subtotal	_____	_____
h. Total Form 1120S (Subtotal multiplied by % of ownership)	_____	_____

Double check you have all K-1's listed Schedule E

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.

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

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

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

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

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

42 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 AD; 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**



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.

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

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

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

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk
A			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss		
(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1
A				
B				
C				
D				

29a	Totals				
b	Totals				
30	Add columns (h) and (k) of line 29a.			30	
31	Add columns (g), (i), and (j) of line 29b.			31	()
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31			32	

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 AD; 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**



Business Income

The income from the K-1, 1065, 1120S and 1120 can only be used if:

- The earnings trend is positive (profitable)
- The borrower can document ownership share (for example, the K-1);
- The business has adequate liquidity to support the withdrawal of earnings

Business Income

Key Terms: In order to use K-1 Ordinary Income, you must validate either of the following:

- Distributions
- or
- Liquidity



Distributions

If the Schedule K-1 reflects a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then no further documentation of adequate business liquidity is required.

The Schedule K-1 income may then be included in the borrower's cash flow.

Distributions

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	
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 Code A Other information
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	21 Foreign taxes paid or accrued
13	Other deductions	

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)	
3	Other net rental income (loss)	
4	Interest income	
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 Code D
10	Other income (loss)	
11	Section 179 deduction	17 Other information
12	Other deductions	

58 000

2 000

Distributions

If the Schedule K-1 does NOT reflect a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then the lender must confirm the following to include the income in the borrower's cash flow.

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

What is Liquidity?

Definition of Liquidity: The ability of a company to meet its financial obligations as they come due.

The Liquidity Ratio is a computation used to measure a company's ability to pay its short-term debts.



Liquidity Ratio Common Calculations...

1. Current ratio
2. Acid ratio
3. Cash ratio

These three ratios are often grouped together by financial analysts when attempting to accurately measure the liquidity of a company.

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Current Liquidity Ratio Calculation Example...

From Schedule L:

$$\begin{array}{r} \text{Cash on Hand (Line 1)} \\ + \\ \text{Accounts Receivable (Line 2a)} \\ + \\ \text{Other Current Liquid Assets (Line 6)} \\ \div \\ \text{Current Liabilities} \\ \text{(Lines 15 + 16 + 17 for 1065)} \\ \text{(Lines 16 + 17 + 18 for 1120-S \& 1120)} \\ = \\ \text{Current Liquidity Ratio} \end{array}$$

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	
4b	Guaranteed payments for capital	16 Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17 Alternative minimum tax (AMT) items
5	Interest income	
6a	Ordinary dividends	
6b	Qualified dividends	18 Tax-exempt income and nondeductible expenses
6c	Dividend equivalents	
7	Royalties	
8	Net short-term capital gain (loss)	
9a	Net long-term capital gain (loss)	19 Distributions Code A
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	

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement)				
15	Total assets				
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock: a Preferred stock				
	b Common stock				

ADD



DIVIDE BY

ADD



Partnership – Form 1065

- The entire partnership's earnings and losses are reported on 1065
- The partner's percentage of the earnings and losses are reported on the K-1
- The 1084 will review the entire partnership's income, then calculate the applicant's share of that income



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

2021

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

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

K Partner's share of liabilities:

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

Check this box if Item K includes liability amounts from lower tier partnerships

L Partner's Capital Account Analysis

Beginning capital account \$

Capital contributed during the year \$

Current year net income (loss) \$

Other increase (decrease) (attach explanation) \$

Withdrawals and distributions \$ ()

Ending capital account \$

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

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

Beginning \$

Ending \$

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

1	Ordinary business income (loss)	14
2	Net rental real estate income (loss)	
3	Other net rental income (loss)	15
4a	Guaranteed payments for services	
4b	Guaranteed payments for capital	16
4c	Total guaranteed payments	17
5	Interest income	
6a	Ordinary dividends	
6b	Qualified dividends	18
6c	Dividend equivalents	
7	Royalties	
8	Net short-term capital gain (loss)	19
9a	Net long-term capital gain (loss)	
9b	Collectibles (28%) gain (loss)	20
9c	Unrecaptured section 1250 gain	
10	Net section 1231 gain (loss)	
11	Other income (loss)	
12	Section 179 deduction	21
13	Other deductions	

More than one activity for at-risk purposes
 More than one activity for passive activity losses
*See attached statement for additions

For IRS Use Only

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		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)		
9b	Collectibles (28%) gain (loss)		19 Distributions Code A
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		



Form 1065 U.S. Return of Partnership Income OMB No. 1545-0123
 For calendar year 2021, or tax year beginning 2021, ending 2021
 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 or Print** Number, street, and room or suite no. If a P.O. box, see instructions. **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 469 passive activity purposes
Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See instructions for more information.

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

19	Employee benefit programs	19	
20	Other deductions (attach statement)	20	
21	Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	
22	Ordinary business income (loss). Subtract line 21 from line 8	22	
23	Interest due under the look-back method—completed long-term contracts (attach Form 8697)	23	
24	Interest due under the look-back method—income forecast method (attach Form 8866)	24	
25	BBA AAR imputed underpayment (see instructions)	25	
26	Other taxes (see instructions)	26	
27	Total balance due. Add lines 23 through 26	27	
28	Payment (see instructions)	28	
29	Amount owed. If line 28 is smaller than line 27, enter amount owed	29	
30	Overpayment. If line 28 is larger than line 27, enter overpayment	30	

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
 Print/Type preparer's name Preparer's signature Date
 Check if self-employed PTIN
 Firm's name Firm's EIN
 Firm's address Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form 1065 (2021)

Other Income Rule:

- Subtract non-recurring other income
- Add non-recurring other losses



Form 1065		U.S. Return of Partnership Income		OMB No. 1545-0123
Department of the Treasury Internal Revenue Service		For calendar year 2021, or tax year beginning 2021, ending 2021, ending 2021		2021
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 or Print	Number, street, and room or suite no. If a P.O. box, see instructions.	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) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return				
H Check accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> 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 ▶ <input type="checkbox"/>				
K Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes				
Caution: Include only trade or business income and expenses on lines 1a through 22 below. See instructions for more information.				

Deductions (see instructions for limitations)	8 Total income (loss). Combine lines 3 through 7	8
	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
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b
	16c	16c
17 Depletion (Do not deduct oil and gas depletion.)	17	
18 Retirement plans, etc.	18	
19 Employee benefit programs	19	
20 Other deductions (attach statement)	20	
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	

24 Interest due under the look-back method— income forecast method (attach Form 8866)	24
25 BBA AAR imputed underpayment (see instructions)	25
26 Other taxes (see instructions)	26
27 Total balance due. Add lines 23 through 26	27
28 Payment (see instructions)	28
29 Amount owed. If line 28 is smaller than line 27, enter amount owed.	29
30 Overpayment. If line 28 is larger than line 27, enter overpayment.	30

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.

Sign Here

Signature of partner or limited liability company member _____ Date _____

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

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form 1065 (2021)

Amortization...

The process of spreading out an intangible asset's cost over the asset's life

Intangible assets are identifiable assets but are not physical objects

Examples are franchise fees, patents, copyrights and cost of obtaining customer lists.



Casualty Loss...

Sudden or unexpected loss,
damage or destruction of property.

Deductible during the taxable year
the loss occurred.



Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement)				
15	Total assets				
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock: a Preferred stock				
	b Common stock				

Form 1065 (2021) Page **5**

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 21 **1**

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)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				

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

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

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

Schedule M-2 Analysis of Partners' Capital Accounts

<p>1 Balance at beginning of year</p> <p>2 Capital contributed: a Cash</p> <p style="padding-left: 20px;">b Property</p> <p>3 Net income (loss) (see instructions)</p> <p>4 Other increases (itemize):</p> <p>5 Add lines 1 through 4</p>	<p>6 Distributions: a Cash</p> <p style="padding-left: 20px;">b Property</p> <p>7 Other decreases (itemize):</p> <p>8 Add lines 6 and 7</p> <p>9 Balance at end of year. Subtract line 8 from line 5</p>
--	--

S Corporation – Form 1120S

- Similar to the Partnership Form 1065
- The 1120S represents the entire S Corporation's earnings and losses
- Shareholders receive a K-1 showing their share of ordinary (net) income or loss from the business



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

Department of the Treasury
Internal Revenue Service

2021

For calendar year 2021, or tax year

beginning / / 2021 ending / /

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

Part I Information About the Corporation

A Corporation's employer identification number

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

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

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

G Current year allocation percentage %

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

Part III Shareholder's Deductions, Credits, etc.

Final K-1

1 Ordinary business income

2 Net rental real estate income

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 1250 gain

9 Net section 1231 gain (loss)

10 Other income (loss)

11 Section 179 deduction

12 Other deductions

18 More than one activity

19 More than one activity

* See attached state

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)		
3	Other net rental income (loss)		
4	Interest income		
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)		Code D
11	Section 179 deduction		
12	Other deductions		
		17	Other information



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 for instructions and the latest information.

2021

For calendar year 2021 or tax year beginning 2021, ending 20

A S election effective date Name _____ **D** Employer identification number _____

B Business activity code number (see instructions) **TYPE OR PRINT** Name, street, and room or suite no. If a P.O. box, see instructions. **E** Date incorporated _____

City or town, state or province, country, and ZIP or foreign postal code **F** Total assets (see instructions) \$ _____

C Check if Sch. M-3 attached

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 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a		
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a			1c
	2 Cost of goods sold (attach Form 1125-A)			2
	3 Gross profit. Subtract line 2 from line 1c			3
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4
5 Other income (loss) (see instructions—attach statement)			5	
6 Total income (loss). Add lines 3 through 5			6	

Income	1a Gross receipts or sales	1a		
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a			1c
	2 Cost of goods sold (attach Form 1125-A)			2
	3 Gross profit. Subtract line 2 from line 1c			3
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4
5 Other income (loss) (see instructions—attach statement)			5	
6 Total income (loss). Add lines 3 through 5			6	

21 Ordinary business income (loss), adjusted, including and excluding from line 6

Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120-S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)			22c
	23a 2021 estimated tax payments and 2020 overpayment credited to 2021	23a		
		b Tax deposited with Form 7004	23b	
		c Credit for federal tax paid on fuels (attach Form 4136)	23c	
	d Add lines 23a through 23c			23d
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached		<input type="checkbox"/>	24
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26
27 Enter amount from line 26: Credited to 2022 estimated tax ▶ Refunded ▶			27	

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

Sign Here Signature of officer _____ Date _____ Title _____

Paid Preparer Use Only Print/Type preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____

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

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 for instructions and the latest information.
 For calendar year 2021 or tax year beginning 2021, ending 2021

A S election effective date _____

B Business activity code number (see instructions) _____

C Check if Sch. M-3 attached

D Employer identification number _____

E Date incorporated _____

F Total assets (see instructions) \$ _____

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. 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 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	
	b Returns and allowances	1b	
	c Balance. Subtract line 1b from line 1a		1c
	2 Cost of goods sold (attach Form 1125-A)		2
	3 Gross profit. Subtract line 2 from line 1c		3
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		4
	5 Other income (loss) (see instructions—attach statement)		5
6 Total income (loss). Add lines 3 through 5		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 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 Pension, profit-sharing, etc., plans		17	
18 Employee benefit programs		18	
19 Other deductions (attach statement)		19	
20 Total deductions. Add lines 7 through 19		20	
21 Ordinary business income (loss). Subtract line 20 from line 6		21	

Use Only Firm's name ▶ _____ Firm's EIN ▶ _____
 Firm's address ▶ _____ Phone no. _____
 For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form 1120-S (2021)

Deductions (see instructions for limitations)

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 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	Pension, profit-sharing, etc., plans	17
18	Employee benefit programs	18
19	Other deductions (attach statement)	19
20	Total deductions. Add lines 7 through 19	20
21	Ordinary business income (loss). Subtract line 20 from line 6	21

Schedule K		Shareholders' Pro Rata Share Items (continued)	Total amount
Other information	17a	Investment income	17a
	b	Investment expenses	17b
	c	Dividend distributions paid from accumulated earnings and profits	17c

Schedule L		Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)		
Assets							
1	Cash						
2a	Trade notes and accounts receivable						
b	Less allowance for bad debts	()		()			
3	Inventories						
4	U.S. government obligations						
5	Tax-exempt securities (see instructions)						
6	Other current assets (attach statement)						
7	Loans to shareholders						
8	Mortgage and real estate loans						
9	Other investments (attach statement)						
10a	Buildings and other depreciable assets						
b	Less accumulated depreciation	()		()			
11a	Depletable assets						
b	Less accumulated depletion	()		()			
12	Land (net of any amortization)						
13a	Intangible assets (amortizable only)						
b	Less accumulated amortization	()		()			
14	Other assets (attach statement)						
15	Total assets						
Liabilities and Shareholders' Equity							
16	Accounts payable						
17	Mortgages, notes, bonds payable in less than 1 year						
18	Other current liabilities (attach statement)						
19	Loans from shareholders						
20	Mortgages, notes, bonds payable in 1 year or more						
21	Other liabilities (attach statement)						
22	Capital stock						
23	Additional paid-in capital						
24	Retained earnings						
25	Adjustments to shareholders' equity (attach statement)						
26	Less cost of treasury stock	()		()			
27	Total liabilities and shareholders' equity						

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		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		6	Deductions included on Schedule K, lines 1 through 12 and 16f, not charged

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		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 \$ _____		7	Add lines 5 and 6
4	Add lines 1 through 3		8	Income (loss) (Schedule K, line 18). Subtract line 7 from line 4
7	Distributions			
8	Balance at end of tax year. Subtract line 7 from line 6			

Fannie Mae Cash Flow Analysis Form

Corporation Income

Income Statement
Dec 31, 2015

2015

950 000

40 000

20 000

200 000

210 000

650

230

5 000

4 000

2 300

1 000

2 300

5

5

1 500

2

1

58 000

2 000

IRS Form 1120 – Regular Corporation

Corporation earnings may be used when the borrower(s) own 100% of the corporation.

11. Form 1120 – Regular Corporation

	Year _____	Year _____
a. Taxable Income	_____	_____
b. Total Tax	(-) _____	(-) _____
c. Nonrecurring (Gains) Losses	(+/-) _____	(+/-) _____
d. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
e. Depreciation	(+) _____	(+) _____
f. Depletion	(+) _____	(+) _____
g. Amortization/Casualty Loss	(+) _____	(+) _____
h. Net Operating Loss and Special Deductions	(+) _____	(+) _____
i. Mortgages or Notes Payable in Less than 1 Year	(-) _____	(-) _____
j. Non-deductible Travel and Entertainment Expenses	(-) _____	(-) _____
k. Subtotal	_____	_____
l. Less: Dividends Paid to Borrower	(-) _____	(-) _____
m. Total Form 1120	_____	_____

Corporation – Form 1120

The income from the 1120 can only be used if:

- The earnings trend is positive
- There is adequate liquidity for withdrawal
- The borrower can document the right to withdraw the income



100% Ownership – FNMA

The applicant must own 100% of the corporation in order to use the income from the 1120 as qualifying income.



1120		U.S. Corporation Income Tax Return		OMB No. 1545-0123
Form 1120 Department of the Treasury Internal Revenue Service		For calendar year 2021 or tax year beginning _____, 2021, ending _____, 2021		2021
▶ Go to www.irs.gov/Form1120 for instructions and the latest information.				
A Check if: 1a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>		Name TYPE OR PRINT Number, street, and room or suite no. If a P.O. box, see instructions. City or town, state or province, country, and ZIP or foreign postal code		B Employer identification number C Date incorporated D Total assets (see instructions) \$
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change		1a Gross receipts or sales 1a b Returns and allowances 1b c Balance. Subtract line 1b from line 1a 1c 2 Cost of goods sold (attach Form 1125-A) 2		
Tax, Refundable Credits, and Payments	30	Taxable income. Subtract line 29c from line 28. See instructions	30	
	31	Total tax (Schedule J, Part I, line 11)	31	
	32	Reserved for future use	32	
	33	Total payments and credits (Schedule J, Part III, line 23)	33	
	34	Estimated tax penalty. See instructions. Check if Form 2220 is attached <input type="checkbox"/>	34	
	35	Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed	35	
	36	Overpayment. If line 33 is larger than the total of lines 31 and 34, enter amount overpaid	36	
37	Enter amount from line 36 you want: Credited to 2022 estimated tax ▶	37	Refunded ▶	
Deductions (See instructions for limitations)	18	Interest (see instructions)	18	
	19	Charitable contributions	19	
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	
	21	Depletion	21	
	22	Advertising	22	
	23	Pension, profit-sharing, etc., plans	23	
	24	Employee benefit programs	24	
	25	Reserved for future use	25	
	26	Other deductions (attach statement)	26	
	27	Total deductions. Add lines 12 through 26	27	
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28		
29a	Net operating loss deduction (see instructions)	29a		
b	Special deductions (Schedule C, line 24)	29b		
c	Add lines 29a and 29b	29c		
Tax, Refundable Credits, and Payments	30	Taxable income. Subtract line 29c from line 28. See instructions	30	
	31	Total tax (Schedule J, Part I, line 11)	31	
	32	Reserved for future use	32	
	33	Total payments and credits (Schedule J, Part III, line 23)	33	
	34	Estimated tax penalty. See instructions. Check if Form 2220 is attached <input type="checkbox"/>	34	
	35	Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed	35	
	36	Overpayment. If line 33 is larger than the total of lines 31 and 34, enter amount overpaid	36	
37	Enter amount from line 36 you want: Credited to 2022 estimated tax ▶	37	Refunded ▶	
Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
Signature of officer _____ Date _____ Title _____		May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input type="checkbox"/> No		
Paid Preparer Use Only Print/type preparer's name _____ Preparer's signature _____ Date _____ Check <input type="checkbox"/> if self-employed PTIN _____ Firm's name _____ Firm's EIN _____ Firm's address _____ Phone no. _____				
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 114500 Form 1120 (2021)				

1120 U.S. Corporation Income Tax Return
 Form Department of the Treasury Internal Revenue Service
 For calendar year 2021 or tax year beginning _____, 2021, ending _____, 2021
 OMB No. 1545-0123
 Go to www.irs.gov/Form1120 for instructions and the latest information.

A Check if:
 1a Consolidated return (attach Form 951) **TYPE OR PRINT**
 b Life/nonlife consolidated return
 2 Personal holding co. (attach Sch. PH)
 3 Personal service corp. (see instructions)
 4 Schedule M-3 attached

B Employer identification number _____
C Date incorporated _____
D Total assets (see instructions) \$ _____

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

1a	Gross receipts or sales	1a		
b	Returns and allowances	1b		
c	Balance. Subtract line 1b from line 1a			1c
2	Cost of goods sold (attach Form 1125-A)			2
3	Gross profit. Subtract line 2 from line 1c			3
4	Dividends and inclusions (Schedule C, line 23)			4
5	Interest			5
6	Gross rents			6
7	Gross royalties			7
8	Capital gain net income (attach Schedule D (Form 1120))			8
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9
10	Other income (see instructions—attach statement)			10
11	Total income. Add lines 3 through 10			11

28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11. **28**

29a Net operating loss deduction (see instructions) **29a**

b Special deductions (Schedule C, line 24) **29b**

c Add lines 29a and 29b **29c**

30 Taxable income. Subtract line 29c from line 28. See instructions **30**

31 Total tax (Schedule J, Part I, line 11) **31**

32 Reserved for future use **32**

33 Total payments and credits (Schedule J, Part III, line 23) **33**

34 Estimated tax penalty. See instructions. Check if Form 2220 is attached **34**

35 Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed **35**

36 Overpayment. If line 33 is larger than the total of lines 31 and 34, enter amount overpaid **36**

37 Enter amount from line 36 you want: Credited to 2022 estimated tax Refunded **37**

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

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form **1120** (2021)

1120		U.S. Corporation Income Tax Return		OMB No. 1545-0123
Form Department of the Treasury Internal Revenue Service		For calendar year 2021 or tax year beginning _____, 2021, ending _____, 20		2021
▶ Go to www.irs.gov/Form1120 for instructions and the latest information.				
A Check if: 1a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>		TYPE OR PRINT Name _____ Number, street, and room or suite no. If a P.O. box, see instructions. _____ City or town, state or province, country, and ZIP or foreign postal code _____		B Employer identification number _____ C Date incorporated _____ D Total assets (see instructions) \$ _____
		E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change		

Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions—attach Form 1125-E)	▶	12		
	13	Salaries and wages (less employment credits)		13		
	14	Repairs and maintenance		14		
	15	Bad debts		15		
	16	Rents		16		
	17	Taxes and licenses		17		
	18	Interest (see instructions)		18		
	19	Charitable contributions		19		
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20		
	21	Depletion		21		
	22	Advertising		22		
	23	Pension, profit-sharing, etc., plans		23		
	24	Employee benefit programs		24		
	25	Reserved for future use		25		
26	Other deductions (attach statement)		26			
27	Total deductions. Add lines 12 through 26	▶	27			
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11.		28			
29a	Net operating loss deduction (see instructions)		29a			
b	Special deductions (Schedule C, line 24, column (c))		29b			
c	Add lines 29a and 29b		29c			

Tax, Refundable Credit Payments	32	Reserved for future use		32	
	33	Total payments and credits (Schedule J, Part III, line 23)		33	
	34	Estimated tax penalty. See instructions. Check if Form 2220 is attached	▶ <input type="checkbox"/>	34	
	35	Amount owed. If line 33 is smaller than the total of lines 31 and 34, enter amount owed		35	
	36	Overpayment. If line 33 is larger than the total of lines 31 and 34, enter amount overpaid		36	
37	Enter amount from line 36 you want: Credited to 2022 estimated tax ▶ Refunded ▶		37		

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

Sign Here
 Signature of officer _____ Date _____ Title _____
 Print/type preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____
 Firm's name ▶ _____ Firm's address ▶ _____ Firm's EIN ▶ _____ Phone no. _____

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

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form 1120 (2021)

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)

Schedule L		Balance Sheets per Books		Beginning of tax year		End of tax year	
		Assets		(a)	(b)	(c)	(d)
Assets							
1	Cash						
2a	Trade notes and accounts receivable						
b	Less allowance for bad debts	()	()		
3	Inventories						
4	U.S. government obligations						
5	Tax-exempt securities (see instructions)						
6	Other current assets (attach statement)						
7	Loans to shareholders						
8	Mortgage and real estate loans						
9	Other investments (attach statement)						
10a	Buildings and other depreciable assets						
b	Less accumulated depreciation	()	()		
11a	Depletable assets						
b	Less accumulated depletion	()	()		
12	Land (net of any amortization)						
13a	Intangible assets (amortizable only)						
b	Less accumulated amortization	()	()		
14	Other assets (attach statement)						
15	Total assets						
Liabilities and Shareholders' Equity							
16	Accounts payable						
17	Mortgages, notes, bonds payable in less than 1 year						
18	Other current liabilities (attach statement)						
19	Loans from shareholders						
20	Mortgages, notes, bonds payable in 1 year or more						
21	Other liabilities (attach statement)						
22	Capital stock: a Preferred stock						
	b Common stock						
23	Additional paid-in capital						
24	Retained earnings—Appropriated (attach statement)						
25	Retained earnings—Unappropriated						
26	Adjustments to shareholders' equity (attach statement)						
27	Less cost of treasury stock	()	()		
28	Total liabilities and shareholders' equity						



Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation	()		()	
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				

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

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

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

5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation \$	
a Depreciation \$		b Charitable contributions \$	
b Charitable contributions \$			
c Travel and entertainment \$			
6 Add lines 1 through 5		9 Add lines 7 and 8	
		10 Income (page 1, line 28)—line 6 less line 9	

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

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

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1. Click on the Menu on the top left of radian.com
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Cash Flow Analysis

This self-employed income analysis and the included descriptions generally apply to individuals:

- Who have 25% or greater interest in a business
- Who are employed by family members
- Who are paid commissions
- Who own rental property
- Who receive variable income, have earnings reported on IRS 1099, or cannot otherwise be verified by an independent and knowable source

To estimate and analyze a borrower's cash flow situation, enter the required data into the cash flow analysis calculator according to the calculations that appear on the borrower's tax returns. Line by line explanations are displayed by hovering the cursor over the help buttons at the beginning of each line. Line item losses are entered with parenthesis (). Any data from the respective forms and schedules listed in the cash-flow analysis should be independently reviewed to determine whether the source was appropriate, can be considered ongoing, consistent, and meets investor requirements and guidelines.

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A man and a woman are in a workshop, looking at a laptop together. The man is holding the laptop and pointing at the screen, while the woman looks on. They are both wearing aprons. The workshop has a wooden table with various tools and materials on it. There are plants in the background and a brick wall on the right.

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