

Cash Flow Analysis

Borrower's Name(s): **Charles Donald Dailey**

The following self-employed income analysis worksheet and accompanying guidelines 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 Form 1099, or income that cannot otherwise be verified by an independent and knowable source.

	Yr. _____	Yr. _____
Form 1040 – Individual Income Tax Return		
1. Total Income	_____	_____
2. Wages, salaries considered elsewhere	(-) _____	(-) _____
3. Tax-exempt interest income	(+) _____	(+) _____
4. State and Local Tax Refunds	(-) _____	(-) _____
5. Nonrecurring Alimony Received	(-) _____	(-) _____
6. Negate Schedule D (Income) Loss	(+/-) _____	(+/-) _____
7. Pension and/or IRA Distributions	(+) _____	(+) _____
8. Negate Schedule E (Income) Loss	(+/-) _____	(+/-) _____
9. Nonrecurring Unemployment Compensation	(-) _____	(-) _____
10. Social Security Benefit	(+) _____	(+) _____
11. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
12. Other _____	_____	_____
Subtotal	_____	_____
Form 2106 – Employee Business Expenses		
13. Total Expenses	(-) _____	(-) _____
14. Depreciation	(+) _____	(+) _____
Schedule B – Interest and Dividend Income		
15. Nonrecurring Interest Income	(-) _____	(-) _____
16. Nonrecurring Dividend Income	(-) _____	(-) _____
Schedule C – Profit or Loss from Business: Sole Proprietorship		
17. Nonrecurring Other (Income) Loss/Expenses	(+/-) _____	(+/-) _____
18. Depletion	(+) _____	(+) _____
19. Depreciation	(+) _____	(+) _____
20. Meals and Entertainment Exclusion	(-) _____	(-) _____
21. Business Use of Home	(+) _____	(+) _____
22. Amortization/Casualty Loss	(+) _____	(+) _____
Schedule D – Capitol Gains and Losses		
23. Recurring Capitol Gains/(Loss)	(+/-) _____	(+/-) _____
Form 4797 – Sales of Business Property		
24. Recurring Capitol Gains/(Loss)	(+/-) _____	(+/-) _____
Form 6252 – Installment Sale Income		
25. Principal Payments Received	(+) _____	(+) _____
Schedule E – Supplemental Income and Loss		
26. Gross Rents and Royalties Received	(+) _____	(+) _____
27. Total Expenses Before Depreciation	(-) _____	(-) _____
28. Amortization/Casualty Loss/Nonrecurring Expenses	(+) _____	(+) _____
29. Insurance, Mortgage Interest, and Taxes included in PITI payment (Only if using the property's full PITI payment in qualifying ratios)	(+) _____	(+) _____
Schedule F – Profit or Loss from Farming		
30. Non-Tax Portion Ongoing Coop and CCC Payments	(+) _____	(+) _____
31. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
32. Depreciation	(+) _____	(+) _____
33. Amortization/Casualty Loss/Depletion	(+) _____	(+) _____
34. Business Use of Home	(+) _____	(+) _____
Subtotal	_____	_____
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(Consider K-1 income only if the borrower can document ownership and access to income, the business has adequate liquidity to support withdrawal, and the business has positive sales and earnings trends.)		
Partnership Schedule K-1 (Form 1065)		
35. Ordinary Income (Loss)	(+/-) _____	(+/-) _____
36. Net Income (Loss)	(+/-) _____	(+/-) _____
37. Guaranteed Payments to Partner	(+) _____	(+) _____
S Corporation Schedule K-1 (Form 1120S)		
38. Ordinary Income (Loss)	(+/-) _____	(+/-) _____
39. Net Income (Loss)	(+/-) _____	(+/-) _____
1040 Total	_____	_____

Partnerships, S Corporations, and Corporations

Whether or not additional income from a Partnership, S Corporation, or regular corporation is used to qualify an applicant, lenders must still conduct an analysis of the business tax returns to ensure a consistent pattern of profitability. *Any loss resulting from this analysis must be deducted from cash flow as it represents a drain on the borrower's income.*

The following sources of income may be considered for qualification provided:

- The borrower can document ownership and access to income;
- The business has adequate liquidity to support withdrawal of earnings; and
- The business has positive sales and earnings trends

	Yr. _____	Yr. _____
Partnership – Form 1065		
40. Passthrough (Income) Loss from Other Partnerships	(+/-) _____	(+/-) _____
41. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
42. Depreciation	(+) _____	(+) _____
43. Depletion	(+) _____	(+) _____
44. Amortization/Casualty Loss	(+) _____	(+) _____
45. Mortgage or Notes Payable in Less than 1 Year	(-) _____	(-) _____
46. Meals and Entertainment Exclusion	(-) _____	(-) _____
47. Subtotal	_____	_____
(_____ % ownership)		
48. <i>Partnership Total</i> (subtotal multiplied by % ownership)	_____	_____
S Corporation – Form 1120S		
49. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
50. Depreciation	(+) _____	(+) _____
51. Depletion	(+) _____	(+) _____
52. Amortization/Casualty Loss	(+) _____	(+) _____
53. Mortgage or Notes Payable in Less than 1 Year	(-) _____	(-) _____
54. Meals and Entertainment Exclusion	(-) _____	(-) _____
55. Subtotal	_____	_____
(_____ % ownership)		
56. <i>S Corporation Total</i> (subtotal multiplied by % ownership)	_____	_____
Regular Corporation – Form 1120		
57. Taxable Income	_____	_____
58. Total Tax	(-) _____	(-) _____
59. Nonrecurring (Gains) Losses	(+/-) _____	(+/-) _____
60. Nonrecurring Other (Income) Loss	(+/-) _____	(+/-) _____
61. Depreciation	(+) _____	(+) _____
62. Depletion	(+) _____	(+) _____
63. Amortization/Casualty Loss	(+) _____	(+) _____
64. Net Operating Loss and Special Deductions	(+) _____	(+) _____
65. Mortgage or Notes Payable in Less than 1 Year	(-) _____	(-) _____
66. Meals and Entertainment Exclusion	(-) _____	(-) _____
67. Subtotal	_____	_____
(_____ % ownership)		
68. Subtotal Multiplied by Ownership Percentage	_____	_____
69. Less: Dividends Paid to Borrower	(-) _____	(-) _____
70. <i>Corporation Total</i>	_____	_____
Totals		
1040 Total	_____	_____
Partnership, S Corporation, and Corporation Total	_____	_____

Grand Total _____

Year-to-Date income from profit and loss statements may only be considered if it is consistent with the previous years' earnings. Allowable addbacks include depreciation, depletion, and other non-cash expenses as identified above.

Year-to-Date Profit and Loss Statements

Salary/Draw to Individual				
Net Profit	_____	X	%	Ownership = _____
Total Allowable Addbacks	_____	X	%	Ownership = _____
Year-to-Date Total				_____