



## Cash Flow Analysis

Borrower Name: \_\_\_\_\_

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 knowledgeable source.

### Form 1040 - Individual Income Tax Return

	Yr. _____	Yr. _____
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 _____	_____	_____

### 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 - Capital Gains and Losses

23. Recurring Capital Gains/(Loss)	(+/-) _____	(+/-) _____
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### Form 4797 - Sales of Business Property

24. Recurring Capital Gains/(Loss)	(+/-) _____	(+/-) _____
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### Form 6252 - Installment Sale Income

25. Principal Payments Received	(+) _____	(+) _____
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### Schedule E - Supplemental Income and Loss

26. Gross Rents and Royalties Received	(+) _____	(+) _____
27. Total Expenses Before Depreciation	(-) _____	(-) _____
28. Amortization/Casualty Loss/Non-recurring 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	(+) _____	(+) _____

(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)	(+/-) _____	(+/-) _____

<b>1040 Total</b>	_____	_____
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**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

**Partnership - Form 1065**

	Yr. _____	Yr. _____
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	_____	_____
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	_____	_____
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	_____	_____
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 totals	_____	_____

<b>Grand Total</b>	_____	_____
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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 Statement**

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