



# Advanced Verification

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**We Are All Super Heroes**  
2019 PASFAA Spring Training

This presentation is being used with permission from Tonya Hsiung, Senior Assistant Director of Financial Aid, Franklin & Marshall College

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# Per the FSA Handbook

## AVG - 96

### Further Verification?

Sometimes schools ask if further verification is needed to resolve discrepancies between the ISIR and what the student provided for verification. The answer is no, unless you have reason to doubt the accuracy of the verification information. Acceptable documentation either confirms that an item was right on the ISIR, or it is used to correct that item. That is the purpose of verification; continued fact-finding is not necessary.



# From FSA Assessment Activities

## Resolving Conflicting Data

Last updated June, 2016

### Examples of good practices for resolving “Conflicting Data”

- Review assets reported on the FAFSA to determine, if applicable, that the information report matches the provided U.S. Income Tax Return. For example, if the assets on the FAFSA are \$0 or low but significant interest and dividend income or capital gains are reported on the U.S. Income Tax Return.
- Review to determine if the student or parents reported business/farm net worth but didn't file a schedule C or Form 1120 ( corporate income taxes) or just didn't supply it to the school (Your institution may want to consider requesting additional documentation from the student or parent).



# Documents to Collect

- Federal Tax Return – Form 1040, 1040A, 1040EZ
- Schedules
  - **A – Itemized Deductions**
  - **B – Interest and Ordinary Dividends**
  - **C – Business Income (Sole Proprietorship)**
  - **D – Capital Gains and Losses**
  - **E – Supplemental Income and Loss (Rental, Partnership, S-Corporation)**
  - **F – Profit or Loss from Farming**
  - **K-1 for Income from Investments in a Partnership and S-Corporation**
- W-2 forms
- 1099 Forms
  - **1099-MISC – miscellaneous income**
  - **1099-R –Distributions from Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**
  - **SSA-1099 – Social Security Benefits**
- Form 8825 – Rental Real Estate – Partnership Form
- Form 1065 – Partnership Return
- Form 1120S – S- Corporation Return





# Tax Filing Status

- Single – Line 1
- Married, Filing Jointly – Line 2
- Married, Filing Separately – Line 3
- Head of Household – Line 4
- Qualifying Widower with dependent child – Line 5

Filing Status		Married		You		Spouse	
1	<input type="checkbox"/> Single						
2	<input type="checkbox"/> Married filing jointly (even if only one had income)						
3	<input checked="" type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ [REDACTED]						
4	<input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶						
5	<input type="checkbox"/> Qualifying widow(er) with dependent child						



# Interest and Dividend Income

## Lines 8a, b & 9a, b & Schedules A & B

d Total number of exemptions claimed .....		7	
<b>Income</b>  Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	wages, salaries, tips, etc. Attach Form(s) W-2 .....		
	8a Taxable interest. Attach Schedule B if required .....	8b	567.
	b Tax-exempt interest. Do not include on line 8a .....		
	9a Ordinary dividends. Attach Schedule B if required .....		1,207.
	b Qualified dividends .....	9b	539.
10	Taxable refunds, credits, or offsets of state and local income taxes .....		10
11	Alimony received .....		11
12	Business income or (loss). Attach Schedule C or C-EZ .....		12

- Did they report assets?
- How much in assets did they report?
- From where is the interest earned?
- From where are the dividends earned?



# Schedule B

**SCHEDULE B**  
(Form 1040A or 1040)  
Department of the Treasury  
Internal Revenue Service (99)

**Interest and Ordinary Dividends**  
▶ Attach to Form 1040A or 1040.  
▶ Information about Schedule B and its instructions is at [www.irs.gov/scheduleb](http://www.irs.gov/scheduleb)

OMB No. 1545-0074  
**2015**  
Attachment  
Sequence No. 08

Name(s) shown on return: [REDACTED] Your social security number: [REDACTED]

**Part I  
Interest**

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address ▶

[REDACTED]

Amount

143.  
424.

2 Add the amounts on line 1 567.

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 0.

4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a 567.

Note: If line 4 is over \$1,500, you must complete Part III.

**Part II  
Ordinary Dividends**

5 List name of payer ▶

[REDACTED]

Amount

1,002.  
205.

6 Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a 1,207.

Note: If line 6 is over \$1,500, you must complete Part III.

- Is the interest earned from Savings Bonds that were cashed in?
- Is the interest earned from a family trust?
- Are the dividends earned from investments in stocks/bonds?
- Are the dividends from their own companies?
- Are the dividends from family trusts?





# Business Income – Sole Proprietorship

## Line 12 & Schedule C

#1  
**SCHEDULE C**  
(Form 1040)

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business**  
(Sole Proprietorship)

OMB No. 1545-0074  
**2015**  
Attachment  
Sequence No. 09

Information about Schedule C and its separate instructions is at [www.irs.gov/schedulec](http://www.irs.gov/schedulec).  
Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor  
[Redacted]  
Social security number (SSN)  
[Redacted]

A Principal business or profession, including product or service (see instructions)  
[Redacted]  
B Enter code from instructions  
561110

C Business name. If no separate business name, leave blank.  
[Redacted]  
D Employer ID no. (EIN), (see instr.)  
[Redacted]

E Business address (including suite or room no.)  
[Redacted]  
City, town or post office, state, and ZIP code  
[Redacted]

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) \_\_\_\_\_

G Did you "materially participate" in the operation of this business during 2015? If "No," see instructions for limit on losses Yes ☐ No ☐

H If you started or acquired this business during 2015, check here Yes ☐ No ☐

I Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions) Yes ☐ No ☐

J If "Yes," did you or will you file required Forms 1099? Yes ☐ No ☐

**Part I Income**

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐ 1 13,597

2 Returns and allowances 2 0

3 Subtract line 2 from line 1 3 13,597

4 Cost of goods sold (from line 42) 4

5 Gross profit. Subtract line 4 from line 3 5 13,597

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) 6

7 Gross income. Add lines 5 and 6 7 13,597

**Part II Expenses.** Enter expenses for business use of your home only on line 30.

8 Advertising 8

9 Car and truck expenses 9 4,208

10 Commissions and fees 10

11 Contract labor (see instructions) 11

12 Depreciation 12

13 Depreciation and section 179 expense deduction (not included in Part III) (see instr.) 13 296

14 Employee benefit programs (other than on line 19) 14

15 Insurance (other than health) 15

16 Interest: a Mortgage (paid to banks, etc.) 16a 2 b Other 16b

17 Legal and professional services 17 75

18 Office expense (see instructions) 18 1,841

19 Pension & profit-sharing plan 19

20a Repairs and maintenance 20a 234

20b Supplies (not included in Part III) 20b 200

21 Taxes and licenses 21

22 Travel, meals, and entertainment: a Travel 22a 597 b Deductible meals and entertainment (see instructions) 24b 482

23 Wages (less employment credits) 26 27a Other expenses (from line 48) 27a 272 b Reserved for future use 27b

28 Total expenses before expenses for business use of home. Add lines 8 through 27a 28 7,936

29 Tentative profit or (loss). Subtract line 28 from line 7 29 5,661

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: \_\_\_\_\_ and (b) the part of your home used for business: \_\_\_\_\_. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 30 5,653

31 Net profit or (loss). Subtract line 30 from line 29. If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3. If a loss, you must go to line 32. 31 8

32 If you have a loss, check the box that describes your investment in this activity (see instructions). If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3. If you checked 32b, you must attach Form 6198. Your loss may be limited. 32a ☐ All investment is at risk. 32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.

FDA 15 C1 BWF 1040 Form Software Copyright 1996 - 2016 HRB Tax Group, Inc. Schedule C (Form 1040) 2015

• What items do you look for in a business?

– Car/Truck Expenses

– Depreciation

– Meals & Entertainment

– Wages - to family members?

# Other Business Write-Offs

Schedule C (Form 1040) 2015 Page 2

**Part III | Cost of Goods Sold** (see instructions)

33 Method(s) used to value closing inventory: a ☐ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

35 Inventory at beginning of year, if different from last year's closing inventory, attach explanation 35

36 Purchases less cost of items withdrawn for personal use 36

37 Cost of labor. Do not include any amounts paid to yourself 37

38 Materials and supplies 38

39 Other costs 39

40 Add lines 35 through 39 40

41 Inventory at end of year 41

42 **Cost of goods sold.** Subtract line 41 from line 40. Enter the result here and on line 4 42

**Part IV | Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ 01/01/15

44 Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your vehicle for:  
a Business 6,000 b Commuting c Other 32,000

45 Was your vehicle available for personal use during off-duty hours? ☒ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? ☒ Yes ☐ No

47 a Do you have evidence to support your deduction? ☒ Yes ☐ No  
b If "Yes," is the evidence written? ☒ Yes ☐ No

**Part V | Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

DUES	752.
LICENSE FEES	370.
PUBLICATIONS	689.
POSTAGE	156.
LINKED-IN	60.
EDUCATION	175.
MEETINGS	120.
CELLULAR TELEPHONE	1,064.
CABLE INTERNET FAX	2,291.
48 Total other expenses. Enter here and on line 27a	5,677.

5200002 11-23-15 8 Schedule C (Form 1040) 2015

- Other expenses from Business – do you remove any of these items?

# Capital Gains

Department of the Treasury — Internal Revenue Service (99)

Form **1040** **U.S. Individual Income Tax Return** **2015** OMB No. 1545-0074 IRS Use Only — Do not write or staple in this space.

For the year Jan. 1 - Dec. 31, 2015, or other tax year beginning , 2015, ending , 20

Your first name and initial Last name  
[REDACTED]

If a joint return, spouse's first name and initial Last name  
[REDACTED]

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.  
[REDACTED]

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).  
[REDACTED]

Foreign country name Foreign province/state/county Foreign postal code

**See separate instructions.**  
Your social security number  
[REDACTED]

Spouse's social security number  
[REDACTED]

**Make sure the SSN(s) above and on line 6c are correct.**

**Presidential Election Campaign**  
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
☐ You ☐ Spouse

**Filing Status**

1 ☒ Single  
2 ☐ Married filing jointly (even if only one had income)  
3 ☐ Married filing separately. Enter spouse's SSN above & full name here. ▶  
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶  
5 ☐ Qualifying widow(er) with dependent child

Check only one box.

**Exemptions**

6a ☐ Yourself. If someone can claim you as a dependent, **do not** check box 6a.  
b ☐ Spouse  
c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)	Boxes checked on 6a and 6b. No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above. Add numbers on lines above. ▶

If more than four dependents, see instructions and check here. ☐

d Total number of exemptions claimed

**Income**

7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 [REDACTED]  
8a Taxable interest. Attach Schedule B if required. 8a [REDACTED]  
b Tax-exempt interest. Do not include on line 8a. 8b [REDACTED]  
9a Ordinary dividends. Attach Schedule B if required. 9a [REDACTED]  
b Qualified dividends. 9b [REDACTED]  
10 Taxable refunds, credits, or offsets of state and local income taxes. 10 [REDACTED]  
11 Alimony received. 11 [REDACTED]  
12 Business income or (loss). Attach Schedule C or C-EZ. 12 [REDACTED]  
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here. ☐ 13 \$1,000  
14 Other gains or (losses). Attach Form 4797. 14 [REDACTED]  
15a IRA distributions. 15a [REDACTED] b Taxable amount. 15b [REDACTED]  
16a Pensions and annuities. 16a [REDACTED] b Taxable amount. 16b [REDACTED]  
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E. 17 [REDACTED]  
18 Farm income or (loss). Attach Schedule F. 18 [REDACTED]  
19 Unemployment compensation. 19 [REDACTED]  
20a Social security benefits. 20a [REDACTED] b Taxable amount. 20b [REDACTED]  
21 Other income. List type and amount. 21 [REDACTED]  
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income. 22 [REDACTED]

**Adjusted Gross Income**

23 Educator expenses. 23 [REDACTED]  
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ. 24 [REDACTED]  
25 Health savings account deduction. Attach Form 8889. 25 [REDACTED]  
26 Moving expenses. Attach Form 3903. 26 [REDACTED]  
27 Deductible part of self-employment tax. Attach Schedule SE. 27 [REDACTED]  
28 Self-employed SEP, SIMPLE, and qualified plans. 28 [REDACTED]  
29 Self-employed health insurance deduction. 29 [REDACTED]  
30 Penalty on early withdrawal of savings. 30 [REDACTED]  
31a Alimony paid. b Recipient's SSN. 31a [REDACTED]  
32 IRA deduction. 32 [REDACTED]  
33 Student loan interest deduction. 33 [REDACTED]  
34 Tuition and fees. Attach Form 8917. 34 [REDACTED]  
35 Domestic production activities deduction. Attach Form 8803. 35 [REDACTED]  
36 Add lines 23 through 35. 36 [REDACTED]  
37 Subtract line 36 from line 22. This is your adjusted gross income. 37 [REDACTED]

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. FDIA0112L 12/30/15 Form 1040 (2015)



# Capital Gains (Losses) Line 13 & Schedule D

**SCHEDULE D**  
(Form 1040)

**Capital Gains and Losses**  
▶ Attach to Form 1040 or Form 1040NR.  
▶ Information about Schedule D and its separate instructions is at [www.irs.gov/scheduled](http://www.irs.gov/scheduled).  
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074  
**2015**  
Attachment Sequence No. **12**

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return  
[REDACTED]

Your social security number  
[REDACTED]

**Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less**

See instructions for how to figure the amounts to enter on the lines below.  
This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>1a</b> Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b.....	9,161.	10,427.		-1,266.
<b>1b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box A</b> checked.....				
<b>2</b> Totals for all transactions reported on Form(s) 8949 with <b>Box B</b> checked.....				
<b>3</b> Totals for all transactions reported on Form(s) 8949 with <b>Box C</b> checked.....				
<b>4</b> Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824.....				
<b>5</b> Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1.....				
<b>6</b> Short-term capital loss carryover. Enter the amount, if any, from line 8 of your <b>Capital Loss Carryover Worksheet</b> in the instructions.....				
<b>7</b> <b>Net short-term capital gain or (loss).</b> Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back.....				-1,266.

**Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year**

See instructions for how to figure the amounts to enter on the lines below.  
This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>8a</b> Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b.....	11,898.	10,993.		905.
<b>8b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box D</b> checked.....				
<b>9</b> Totals for all transactions reported on Form(s) 8949 with <b>Box E</b> checked.....	17,144.	14,718.		2,426.
<b>10</b> Totals for all transactions reported on Form(s) 8949 with <b>Box F</b> checked.....				
<b>11</b> Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824.....				
<b>12</b> Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1.....				
<b>13</b> Capital gain distributions. See the instrs.....				
<b>14</b> Long-term capital loss carryover. Enter the amount, if any, from line 13 of your <b>Capital Loss Carryover Worksheet</b> in the instructions.....				
<b>15</b> <b>Net long-term capital gain or (loss).</b> Combine lines 8a through 14 in column (h). Then go to Part III on the back.....				3,331.

**BAA For Paperwork Reduction Act Notice, see your tax return instructions.**

FDIA0612L 12/08/15 Schedule D (Form 1040) 2015

- From where is the gain/loss
  - Home
  - Stocks / investments
  - Short term vs. long term
- Is this a one-time gain?





# Capital Gains – Professional Judgment

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	9a	Ordinary dividends. Attach Schedule B if required		9a	
	b	Qualified dividends	9b		
	10	Taxable refunds, credits, or offsets of state and local income taxes		10	
	11	Alimony received		11	
	12	Business income or (loss). Attach Schedule C or C-EZ		12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>		13	5,400.
If you did not get a W-2, see instructions.	14	Other gains or (losses). Attach Form 4797		14	
	15a	IRA distributions	15a	b Taxable amount	15b
	16a	Pensions and annuities	16a	b Taxable amount	16b

- How much were the proceeds?
- Where did the proceeds go?
- Form 4797 Sales of Business Property may show more information

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year				
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked	58,000.	52,600.		5,400.
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ( )
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on the back				15 5,400.
For Paperwork Reduction Act Notice, see your tax return instructions. BAA				
REV 12/09/15 Intuit.crg.dsp.sp				
Schedule D (Form 1040) 2015				

# IRA Distributions and Pension/Annuities Lines 15a, 15b and 16a, 16b

- Questions to ask:
  - Where are the figures located – in column “a” or the taxable column “b”?

If you did not get a W-2, see instructions.

14	Other gains or (losses). Attach Form 4797.	14	
15a	IRA distributions	15a	
16a	Pensions and annuities	16a	90,671.
		b Taxable amount	15b
		b Taxable amount	16b 0.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	

- Do you have the tax return or just the transcript or IRS DRT?
  - Is “ROLLOVER” written on the tax return?
  - If you only have the transcript or IRS DRT, you do NOT know if this is a rollover...so you MAY get additional documentation (not required, but recommended since this could have a large impact on aid eligibility).



# IRA Distributions and Pension/Annuities ROLLOVER - 1099 - R

☐ CORRECTED (if checked)

PAYER'S Federal identification number [REDACTED]	RECIPIENT'S identification number [REDACTED]	1 Gross distribution \$90,670.50	2 Taxable amount \$0.00
PAYER'S name, street address, city, state, and ZIP code FIDELITY INVESTMENTS [REDACTED]		3 Capital gain (included in box 2a) \$0.00	4 Federal income tax withheld \$0.00
RECIPIENT'S name, street address (including apt. no.), city, state, and ZIP code [REDACTED]		5 Employee contributions, Roth contributions, or insurance premiums \$0.00	6 Net unrealized appreciation of employer's securities \$0.00
Account number (see instructions) [REDACTED]		7 Distribution code G	8 Other \$0.00
11 1st year of design. Roth contrib. [REDACTED]		9a Your percentage of total distribution %	9b Total employee contributions \$
Form 1099-R		12 State tax withheld \$0.00	13 State/Payer's state no. [REDACTED]

Department of the Treasury - Internal Revenue Service

**Annotations:** A red box highlights boxes 1 and 2. A red circle highlights box 7 with the code 'G'. Red arrows point from the top right towards these boxes.

**Text on right:** Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.  
Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.  
10 Amount allocable to IRA within 5 years \$0.00  
14 State distribution \$

## Acceptable Codes for Rollover:

6: Section 1035 exchange (a tax-free exchange of life insurance, annuity, qualified long-term care insurance, or endowment contracts)

G: Direct rollover of a distribution to a qualified plan

H: Direct rollover of a designated Roth account



# IRA Distribution / Pensions and Annuities – Professional Judgment

- Even if “ROLLOVER” is written on the return – there may be multiple 1099-R forms and not all may be ROLLOVERS. You should collect ALL.
- What were the funds used for?
  - Get an itemized list
  - Do you pick through the list?
- Is this a one time occurrence?





# Rental Real Estate and Royalties

## Line 17 and Schedule E

- Rental Real Estate will show on Line 17 as a gain or (loss)
- Collect Schedule E for the detail – page 1
  - **There may be multiple copies of page 1 if they have more than 3 properties**

If you did not get a W-2, see instructions.		14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a		b Taxable amount	15b
16a	Dividends and capital gains	16a		b Taxable amount	16b
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17			32,720.
18	Farm income or (loss). Attach Schedule F	18			
19	Unemployment compensation	19			
20a	Social security benefits	20a		b Taxable amount	20b
21	Other income. List type and amount	21			



# Schedule E – Rental Real Estate

- Can be from:
  - **Single family residence**
  - **Multi-family residence**
  - **Vacation/short-term rental**
  - **Commercial property**
  - **Land**
  - **Royalties**
  - **Self-rental**
  - **Other**



# Rental Real Estate

**SCHEDULE E**  
(Form 1040)

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)  
▶ Attach to Form 1040, 1040NR, or Form 1041.  
▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

OMB No. 1545-0074  
**2015**  
Attachment Sequence No. **13**

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return \_\_\_\_\_ Your social security number \_\_\_\_\_

**Part I Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions) Yes ☐ No ☒

B If "Yes," did you or will you file required Forms 1099? Yes ☐ No ☐

1a Physical address of each property (street, city, state, ZIP code)  
A \_\_\_\_\_  
B \_\_\_\_\_  
C \_\_\_\_\_

1b Type of Property 2 For each rental real estate property listed in 1a, report the number of fair rental and personal use days. Check the **QJV** box only if you meet the requirements to file as a qualified joint venture. See instructions.

	Fair Rental Days	Personal Use Days	QJV
A	365		<input type="checkbox"/>
B			<input type="checkbox"/>
C			<input type="checkbox"/>

Type of Property:  
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental  
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)

Income:	Properties:	A	C
3 Rents received	3	52,000.	
4 Royalties received	4		

Expenses:

5 Advertising	5		
6 Auto and travel (see instructions)	6		
7 Cleaning and maintenance	7		
8 Commissions	8		
9 Insurance	9	2,414.	
10 Legal and other professional fees	10		
11 Management fees	11		
12 Mortgage interest paid to banks, etc. (see instructions)	12		
13 Other interest	13		
14 Repairs	14		
15 Supplies	15		
16 Taxes	16	22,700.	
17 Utilities	17		
18 Depreciation expense or depletion	18	16,870.	
19 Other (list ▶ <b>STATE</b> )	19	25.	
20 Total expenses. Add lines 5 through 19	20	42,009.	
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	9,991.	
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	9,991.	

23a Total of all amounts reported on line 3 for all rental properties	23a	52,000.	
b Total of all amounts reported on line 4 for all royalty properties	23b		
c Total of all amounts reported on line 12 for all properties	23c		
d Total of all amounts reported on line 18 for all properties	23d	16,870.	
e Total of all amounts reported on line 20 for all properties	23e	42,009.	

24 Income. Add positive amounts shown on line 21. Do not include any losses	24	9,991.	
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	9,991.	
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	0.	

LHA For Paperwork Reduction Act Notice, see the separate instructions. Schedule E (Form 1040) 2015

521491  
12-22-15

- Type of property
- Rents received
- Mortgage interest – what is the balance of the loan?
- Taxes Paid
- Depreciation

# Schedule E – Rental Real Estate

- Single Family Residence
  - **You can use <http://www.zillow.com> to value a property**
- Multi-family residence
  - **Is it the address in which they reside**
  - **Google Earth helps**
  - **[www.zillow.com](http://www.zillow.com)**
    - Use Taxes and Line 16 of Schedule E to get percentage
- Commercial Properties
  - **<https://keyvon.com/>**
  - **Google Earth**
- Single member Limited Liability Company (LLC) are not treated as a separate entity for federal income tax purposes in most cases. A sole member of a domestic LLC needs to file a Schedule E (or they can elect to treat it as a corporation instead).
  - **Why is this important? Because we can no longer assume that all properties listed on Schedule E are automatically personally owned. It is possible they are owned by a corporation the parents own.**





# Rental Real Estate is a Corporation?

Schedule E (Form 1040) 2015 Attachment Sequence No. **13** Page **2**  
Name(s) shown on return. Do not enter name and social security number if shown on page 1. Your social security number [REDACTED]

**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 from an at-risk activity for which any amount is **not** at risk, you **must** check column (e) 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, excess farm loss, 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? ☐ Yes ☒ No  
If you answered "Yes," see instructions before completing this section.

	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
28					
A	[REDACTED]	S		[REDACTED]	
B	[REDACTED]	S		[REDACTED]	
C					
D					

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

**1120S** U.S. Income Tax Return for an S Corporation  
Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.  
Information about Form 1120S and its separate instructions is at [www.irs.gov/form1120s](http://www.irs.gov/form1120s).  
OMB No. 1545-0123  
**2015**

Department of the Treasury  
Internal Revenue Service

For calendar year 2015 or tax year beginning , and ending

	TYPE OR PRINT		
A	S election effective date	Name	D Employer identification number
B	Business activity code number (see instructions)	Number, street, and room or suite no. If a P.O. box, see instructions.	E Date incorporated
C	Check if Sch. M-3 attached <input type="checkbox"/>	City or town, state or province, country, and ZIP or foreign postal code	F Total assets (see instructions)
			\$

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

# Commercial Buildings as Assets?

*Per NASFAA Ask Regs:* **Do You Report the Net Worth of a Commercial Building That the Family Owns and the Family Business Rents?**

- **Scenario:** We have a situation where the parents are self-employed and own a corporation. They are 100% owners and have less than 100 employees, so the net worth of the business itself does not have to be reported on the FAFSA. However, the parents own a commercial building that is in their name. The family corporation pays them rent to lease the building.

**Answer:** The building rented to the business is real estate owned by the parents individually; therefore, it should be reported as an asset on the FAFSA. Additionally, any income or loss from the rental property should have been reported on the parents' tax return using Schedule E and would be reflected in the adjusted gross income (AGI).

See the sidebar on page AVG-18 of the [2018-19 FSA Handbook](#) regarding rental properties:



# Per the FSA Handbook

## AVG - 17

- Rental properties are an asset. A unit within a family home that has its own entrance, kitchen, and bath (therefore a rented bedroom would not count) and that is rented to someone other than a family member counts as an asset. To calculate its net value, multiply the net value of the entire structure by the fraction the rented space represents. Similarly, if a family owned a 10-unit apartment building and lived in one of the apartments, 9/10 or 90% of the net value of the building would be an asset.
- At times a student or parent will claim rental property as a business. Generally, it must be reported as real estate instead. A rental property would have to be part of a formally recognized business to be reported as such, and it usually would provide additional services like regular cleaning, linen, or maid service.





# Partnerships

## Line 17 & Schedule E – Page 2

15a	IRA distributions	15a		b	Taxable amount	15b	
16a	Pensions and annuities	16a		b	Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E					17	4,180
18	Farm income or (loss). Attach Schedule F					18	
19	Unemployment compensation					19	
20a	Social security benefits	20a		b	Taxable amount	20b	

Schedule E (Form 1040) 2015 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

**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 from an at-risk activity for which any amount is not at risk, you must check the box in column (e) 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, excess farm loss, 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	Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	SEE STATEMENT 2				
B					
C					
D					

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A				
B				
C				
D				
29a Totals				
b Totals				
30 Add columns (g) and (j) of line 29a			30	
31 Add columns (f), (h), and (i) of line 29b			31	
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32	

**Part III Income or Loss From Estates and Trusts**



# Partnerships

## Line 17 & Schedule E – Page 2

**Statement 2 - Schedule E, Page 2, Line 28**

Name	P S	For Ptr	EIN	Not at Risk	Passive Loss	Passive Income	Nonpass Loss	Sec 179 Deduct	Nonpass Income
[REDACTED]	P		[REDACTED]		\$	\$	\$	\$	\$
RENTAL REAL ESTATE	P		[REDACTED]			[REDACTED]			
[REDACTED]	S		[REDACTED]				[REDACTED]		
[REDACTED]	P		[REDACTED]						
RENTAL REAL ESTATE	P		[REDACTED]			[REDACTED]			
[REDACTED]	S		[REDACTED]						[REDACTED]
TOTAL					0	\$ [REDACTED]	\$ [REDACTED]	0	\$ [REDACTED]



# Partnerships

## Schedule K-1

- Is the Partnership a Business or Rental Real Estate

– Look at the Schedule K-1

- Type of Partnership – Box 2 – net rental real estate income (loss)
- Percentage of ownership – under Capital Profit
- Self-employment earnings (add to wages)

PARTNER# 3  
Schedule K-1  
(Form 1065)  
Department of the Treasury  
Internal Revenue Service

For calendar year 2015, or tax year beginning \_\_\_\_\_ ending \_\_\_\_\_

2015

Final K-1 ☐ Amended K-1 ☐ OMB No. 1545-0123

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

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)	16	Foreign transactions
3	Other net rental income (loss)	17	Alternative minimum tax (AMT) items
4	Guaranteed payments	18	Tax-exempt income and nondeductible expenses
5	Interest income	19	Distributions
6a	Ordinary dividends	20	Other information
6b	Qualified dividends		
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)		

**Part I Information About the Partnership**

C IRS Center where partnership filed return  
E-FILE

D ☐ Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? INDIVIDUAL

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

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

Beginning	Ending
Profit 11.000000 %	11.000000 %
Loss 11.000000 %	11.000000 %
Capital 11.000000 %	11.000000 %

K Partner's share of liabilities at year end:

Nonrecourse \$ \_\_\_\_\_

Qualified nonrecourse financing \$ \_\_\_\_\_

Recourse \$ \_\_\_\_\_

L Partner's capital account analysis:

Beginning capital account \$ \_\_\_\_\_

Capital contributed during the year \$ \_\_\_\_\_

Current year increase (decrease) \$ \_\_\_\_\_

Withdrawals & distributions \$ \_\_\_\_\_

Ending capital account \$ \_\_\_\_\_

☒ Tax basis ☐ GAAP ☐ Section 704(b) book

☐ Other (explain) \_\_\_\_\_

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

\*See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1065. DAA

IRS.gov/form1065

Schedule K-1 (Form 1065) 2015

# If there is income (loss) in this box, need Form 8825 for more information

The one major thing we look at for all companies and all real estate is **DEPRECIATION**

- Depreciation is considered a “paper loss” and not a real loss.
- Per Investopedia:  
“Depreciation...does not represent real cash flow. Depreciation is an accounting convention that allows a company to write-off the value of an asset over time, but is considered a non-cash transaction.”

**Form 8825**  
(Rev. December 2010)  
Department of the Treasury  
Internal Revenue Service

**Rental Real Estate Income and Expenses of a Partnership or an S Corporation**  
▶ See instructions on back.  
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name [REDACTED] Employer identification number [REDACTED]

**1** Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.

	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
A	COMMERCIAL [REDACTED] ST [REDACTED] PA [REDACTED]	8	365	
B				
C				
D				

**Rental Real Estate Income**

	A	B	C	D
<b>2</b> Gross rents	[REDACTED]			
<b>Rental Real Estate Expenses</b>				
<b>3</b> Advertising				
<b>4</b> Auto and travel				
<b>5</b> Cleaning and maintenance				
<b>6</b> Commissions				
<b>7</b> Insurance				
<b>8</b> Legal and other professional fees	660			
<b>9</b> Interest	20,306			
<b>10</b> Repairs				
<b>11</b> Taxes	9,736			
<b>12</b> Utilities				
<b>13</b> Wages and salaries				
<b>14</b> Depreciation (see instructions)	16,945			
<b>15</b> Other (list) ▶ SEE STATEMENT 2	985			
<b>16</b> Total expenses for each property. Add lines 3 through 15	48,632			
<b>17</b> Income or (Loss) from each property. Subtract line 16 from line 2	[REDACTED]			
<b>18a</b> Total gross rents. Add gross rents from line 2, columns A through D				
<b>18b</b> Total expenses. Add total expenses from line 16, columns A through D				48,632
<b>19</b> Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities				
<b>20a</b> Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)				
<b>b</b> Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: (1) Name (2) Employer identification number				
<b>21</b> Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4				[REDACTED]

For Paperwork Reduction Act Notice, see back of form.

Form **8825** (12-2010)



# Net Value of Partnerships

- Basic Accounting:  $\text{Assets} = \text{Liabilities} + \text{Equity}$

233040503  
Form 1065 (2015) [REDACTED] [REDACTED] 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 16l **1** 2,538

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)
<b>Assets</b>				
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				
6 Other current assets (attach statement) SEE STMT 1				
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets				514,084
<b>Liabilities and Capital</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)				
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more				417,137
20 Other liabilities (attach statement)				
21 Partners' capital accounts				96,947
22 Total liabilities and capital				514,084

**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).

Assets  
Liabilities  
Equity

- Equity (net value)



# S-Corporations, Trusts

## Line 17 & Schedule E Schedule K-1 and Form 1120-S

Form **1120S**  
Department of the Treasury  
Internal Revenue Service

**U.S. Income Tax Return for an S Corporation**  
Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.  
Information about Form 1120S and its separate instructions is at [www.irs.gov/form1120s](http://www.irs.gov/form1120s).

OMB No. 1545-0123  
**2015**

For calendar year 2015 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

A S election effective date **01/01/00**  
B Business activity code number (see instructions) **722511**  
C Check if Sch. M-3 attached ☐

TYPE OR PRINT

D Employer identification number \_\_\_\_\_  
E Date incorporated **08/02/1999**  
F Total assets (see instructions) \$ **24,054**

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed  
H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation  
I Enter the number of shareholders who were shareholders during any part of the tax year **3**

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	Line	Amount
1a Gross receipts or sales	1a	
1b Returns and allowances	1b	
1c Balance. Subtract line 1b from line 1a	1c	
2 Cost of goods sold (attach Form 1125-A)	2	<b>145,149</b>
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	<b>36,000</b>
8 Salaries and wages (less employment credits)	8	<b>89,520</b>
9 Repairs and maintenance	9	<b>8,517</b>
10 Bad debts	10	
11 Rents	11	<b>51,170</b>
12 Taxes and licenses	12	<b>17,050</b>
13 Interest	13	<b>1,555</b>
14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14	<b>2,405</b>
15 Depreciation (do not deduct on and gas depletion)	15	
16 Advertising	16	<b>4,792</b>
17 Pension, profit-sharing, etc., plans	17	
18 Employee benefit programs	18	
19 Other deductions (attach statement) SEE STMT 1	19	
20 Total deductions. Add lines 7 through 19	20	<b>352,516</b>
21 Ordinary business income (loss). Subtract line 20 from line 6	21	
22a Excess net passive income or LIFO recapture tax (see instructions)	22a	
22b Tax from Schedule D (Form 1120S)	22b	
22c Add lines 22a and 22b (see instructions for additional taxes)	22c	
23a 2015 estimated tax payments and 2014 overpayment credited to 2015	23a	
23b Tax deposited with Form 7004	23b	
23c Credit for federal tax paid on fuels (attach Form 4136)	23c	
23d 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 2016 estimated tax	27	

Sign Here  
Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title **PRESIDENT**  
May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only  
Date **02/15/16** Check ☐ if self-employed  
Firm's EIN \_\_\_\_\_  
Phone no. \_\_\_\_\_

For Paperwork Reduction Act Notice, see separate instructions.  
Form **1120S** (2015)

Date Incorporated

Final Return?

Number of Shareholders

Compensation of Officers

Rents

Depreciation

Other deductions



# Schedule K-1

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

2015

For calendar year 2015, or tax year beginning \_\_\_\_\_ ending \_\_\_\_\_

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

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Ordinary business income (loss)		-3,561													394	
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 1250 gain																
9	Net section 1231 gain (loss)																
10	Other income (loss)																
11	Section 179 deduction																
12	Other deductions																
13	Credits																
14	Foreign transactions																
15	Other information																
16	Other information																
17	Other information																

**Part I** Information About the Corporation

**Part II** Information About the Shareholder

**F** Shareholder's percentage of stock ownership for tax year \_\_\_\_\_ 11.000000 %

\* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S. IRS.gov/form1120s

Schedule K-1 (Form 1120S) 2015

Business  
Income  
(Loss)

Percentage  
of Ownership

# S-Corporation – Form 1120 S

Form 1120S (2015) **Schedule K** Shareholders' Pro Rata Share Items (continued) Page 4

		Total amount	
Other Information	17a Investment income	17a	
	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 amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14i	18	

  

**Schedule L** Balance Sheets per Books

	Beginning of tax year		End of tax year	
Assets	(a)	(b)	(c)	(d)
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				24,054
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable				13,800
17 Mortgages, notes, bonds payable in less than 1 year				28,905
18 Other current liabilities (attach statement)				4,954
19 Loans from shareholders				64,217
20 Mortgages, notes, bonds payable in 1 year or more				10,000
21 Other liabilities (attach statement)				
22 Capital stock				22,954
23 Additional paid-in capital				16,000
24 Retained earnings				-136,473
25 Adjustments to shareholders' equity (attach statement)				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity				24,054

Form 1120S (2015)

• Assets =  
Liabilities +  
Equity

• Loans from  
shareholders





# Loans from Shareholders

Per NASFAA Ask Regs: **If an Applicant is the Sole Shareholder in a Corporation, Should a "Loan from Shareholders" be Reported as an Asset on the FAFSA?**

- **Scenario:** A student's parents own a corporation and are the sole shareholders. The balance sheet of the corporation indicates a \$540,000 "loan from shareholders."
- **Answer:** Yes, the value of the loan should be included in FAFSA Q. 89 as an investment. The FAFSA indicates that investments include (but are not limited to): "...real estate (do not include the home you live in), trust funds, UGMA and UTMA accounts, money markets funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, installment and land sale contracts (including mortgages held, commodities, etc." Although the parents own the corporation, they have used \$540,000.00 of their own money to loan money to a separate entity (their corporation). The fact that the \$540,000.00 is a loan implies that the corporation will eventually pay the parents back, further demonstrating that the parents made an *investment* into their own company.
- The FAFSA Q. 90 would not have a bearing on the answer to FAFSA Q. 89.





COPY

- Amount of Compensation

# Other Deductions

## Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

Description	Amount
LEGAL AND ACCOUNTING	\$ 7,873
CLEANING	95
ELECTRICITY	17,022
INSURANCE	[REDACTED]
LAUNDRY AND LINEN	7,696
LICENSES AND PERMITS	890
OFFICE EXPENSE	1,591
SUPPLIES	11,491
TELEPHONE	7,603
UTILITIES-GAS	11,077
TRASH REMOVAL	930
WATER	3,468
CABLE	2,241
DUES AND SUBSCRIPTIONS	729
BANK AND CREDIT CARD FEES	[REDACTED]
EMPLOYEE MEALS	7,894
TRAVEL	3,652
MISCELLANEOUS	3,800
ENTERTAINMENT	3,565
SECURITY	234
AMORTIZATION	1,711
TOTAL	\$ [REDACTED]

- Meals
- Travel
- Entertainment
- Other?





**Questions**



# Contact Information



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**THANK YOU !**

**We Are All Super Heroes**  
**2019 PASFAA Spring Training**