12 Month Profit & Loss Program Instructions

There are two documents attached which need to be completed by the person reviewing the profit and loss after reading and acknowledging this instruction form. The first attachment is a questionnaire regarding the borrower's business. The second attachment is a P&L template that needs be reviewed and signed by a certified tax preparer or CPA. Make sure the most recent 12 months of income and expenses are used in the analysis.

Those reviewing the profit and loss holding a license as a CPA, enrolled agent, or annual filing season participant (AFSP) must provide their license number. If the person reviewing the profit and loss statement only has a PTIN designation, documentation identifying their PTIN along with a minimum of 2 years' of experience preparing taxes must be provided (i.e. PTIN renewal 2 or more years prior, letter from tax preparation employment verifying 2+ years' experience, or 2+ years' business existence for owners of tax preparation businesses).

The following definitions apply to the categories listed on the profit and loss template, as well as the questionnaire.

- "Cost of Goods Sold" means the cost to the business to acquire the raw materials used to complete the work or provide the service requested, but does not include materials purchased by the customer directly.
- "Wages/Payroll" means any cost, including benefits, to persons other than the borrower reported under a W2.
- "Contract Labor" means any cost, including benefits, to persons other than the borrower not reported on a W2.
- "Rent" means the cost paid for any space used by the business to bring the good, or service, to market.
- "Advertising" means all costs associated with promoting the business, including: phone book listings, social media, billboards, radio, television, etc…
- "Equipment" means the cost of any equipment used by the business to bring the good, or service, to market including rentals.
- "Repairs/Maintenance" means the cost of parts and labor involved in keeping equipment, goods, or services in usable condition for the continuation of the business.
- "Insurance" means any bond, or insurance used to protect the business against risk in the operation of the business.
- "Sales, General, Admin." Means any cost the business has in general operation, including: phones, utilities, licenses, office supplies, gas, internet, etc…
- "Other" is for any cost not specifically listed above incurred by the business in order to continue to operate.

If any of the expenses defined above are not applicable to the borrower's business, please provide a detail explanation in the appropriate comment box in the questionnaire that follows.

12 Month Profit & Loss Program Questionnaire

1. Name of tax preparer's business: _____
2. Does the tax preparer own this business? _____
3. How long has the tax preparer's business been in existence? _____ yrs _____ mths
4. How long has the tax preparer worked for their current company? _____
5. How long has preparer filed the borrower'(s) self-employed taxes (in years):_____
6. How many years has the tax preparer had their PTIN? _____
7. What is the tax preparers designation or certification?

☐CPA ☐Enrolled Agent ☐Annual Filing Season Participant (AFSP) ☐PTIN

8. What is the NAICS code for the borrower's business? _____

(Ensure that this code is as accurate as possible, https://www.naics.com/search/)

Please provide a detailed description of the borrower's business, including: how income is generated, cost of goods/services sold, marketing, and labor (employees/other), along with an explanation for any expense which is $0 (zero) or not applicable:

By signing below the person reviewing the profit and loss statement acknowledges and understands the definitions listed on the instruction page, and has accurately represented them to the borrower's business on these forms.

_____
Signature of person reviewing this form

_____ _____
Print Name of person reviewing this Date of Review (mm/dd/yyyy)

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Borrower Name	
Name of Borrower's Business	
Years in Operation	
Ownership %(i.e.100=100%)	%

(Please ensure you are reporting most recent 12 month time frame)

Period Beginning	
Period Ending	

Income	
Total Gross Income	

Expenses	
Cost of Goods Sold	
Wages/Payroll	
Contract Labor	
Rent	
Advertising	
Equipment	
Repairs/Maintenance	
Insurance	
Sales, General, Admin.	
Other	

Total Expenses
$ 0.00

Net Income (loss)
$ 0.00

Qualifying Income (loss)
$ 0.00

Reviewer Name:

Reviewer Address:

Reviewer Phone:

Reviewer Statement

For the purpose of mortgage application qualification only, I determined this profit and loss statement to reasonably reflect the income and expenses of the business described. I certify that I am independent from the borrower, mortgage broker, bank, and title company. I have no financial, or other interest in the business described other than assisting to complete tax, or financial records. I am not receiving any compensation contingent on the closing of any loan related to the borrower.

_____
Signed

_____
Date

_____
PTIN #

Please refer to the profit and loss instruction page for details on what expenses should be included in each category listed.

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