



SCHEDULE E FOR DUMMIES

Don't know a debit from a credit but you have income properties that the IRS is "interested" in ☺? You've found a friend here at Realty Dynamics! Bad enough that your Uncle Sam wants a cut of the action when he doesn't have to deal with the tenants or snow shoveling, but ... even worse, add hours of accounting too!

We developed this Excel workbook for our own use to make it easy to keep records for our own income properties. You're probably asking yourself, "Why would they call it 'Schedule E for Dummies' and then admit they wrote it for themselves?" Good point! All we'll say to that is that the answer is in the question ☺!

We're not accountants, don't want to be – but when some of our clients saw our spreadsheet almost everyone wanted to know if we would sell them a copy. Cool! We had unknowingly created a new opportunity to make money selling accounting software for income properties ☺!

But then we saw a few problems with this money making idea. First of all, if we sold it to others, people would assume that we'd make sure that it really was 99.9% perfect. Secondly, they would assume that we would constantly be watching for "bugs" and issuing "bug fixes" like Microsoft always does!

Thirdly, if we sold it, people would obviously assume that we would guarantee its accuracy and support it by providing some kind of version upgrades every time the IRS changes the rules. It all started to feel like we'd be in the software business ☺!

What to do? The solution was easy! Since we never wrote it to make money selling it, we decided to just give it away for FREE! So here's the deal:

1. It's yours for the taking.
2. It is an open source Microsoft Excel spreadsheet that you can modify (or screw up) to your heart's content.
3. We have put protection on each page so you'll be less likely to make mistakes, but we have not put any password protection on it, so you can turn off the protection to modify it as you'd like.
4. We are not responsible for its accuracy and don't plan on issuing any bug fixes or version updates! We did try our best though to make sure it works – the IRS hasn't called us yet and we've used it for 6 years!
5. If you pass copies on to your friends you'd better give us credit or we'll track you down and ... ☺ We hope you'll be glad you found us! We hope?!

If you do like it, we'd love to hear from you, if you do find bugs, we'd like to know and if you have suggestions we'd be glad to hear those too. In any case we hope it will help you to keep your records current and make tax time a bit less painful.

| Supplemental Income and Loss | | 2009 | | |
|--|--|---------------|--|--|
| Your name here | | Your SS# here | | |
| 1. Show the kind and location of each rental real estate property. | | | | |
| 2. City or state | | | | |
| 3. City or state | | | | |
| 4. City or state | | | | |
| 5. City or state | | | | |
| 6. City or state | | | | |
| 7. City or state | | | | |
| 8. City or state | | | | |
| 9. City or state | | | | |
| 10. City or state | | | | |
| 11. City or state | | | | |
| 12. City or state | | | | |
| 13. City or state | | | | |
| 14. City or state | | | | |
| 15. City or state | | | | |
| 16. City or state | | | | |
| 17. City or state | | | | |
| 18. City or state | | | | |
| 19. City or state | | | | |
| 20. City or state | | | | |
| 21. City or state | | | | |
| 22. City or state | | | | |
| 23. City or state | | | | |
| 24. City or state | | | | |
| 25. City or state | | | | |
| 26. City or state | | | | |
| 27. City or state | | | | |
| 28. City or state | | | | |
| 29. City or state | | | | |
| 30. City or state | | | | |
| 31. City or state | | | | |
| 32. City or state | | | | |
| 33. City or state | | | | |
| 34. City or state | | | | |
| 35. City or state | | | | |
| 36. City or state | | | | |
| 37. City or state | | | | |
| 38. City or state | | | | |
| 39. City or state | | | | |
| 40. City or state | | | | |
| 41. City or state | | | | |
| 42. City or state | | | | |
| 43. City or state | | | | |
| 44. City or state | | | | |
| 45. City or state | | | | |
| 46. City or state | | | | |
| 47. City or state | | | | |
| 48. City or state | | | | |
| 49. City or state | | | | |
| 50. City or state | | | | |
| 51. City or state | | | | |
| 52. City or state | | | | |
| 53. City or state | | | | |
| 54. City or state | | | | |
| 55. City or state | | | | |
| 56. City or state | | | | |
| 57. City or state | | | | |
| 58. City or state | | | | |
| 59. City or state | | | | |
| 60. City or state | | | | |
| 61. City or state | | | | |
| 62. City or state | | | | |
| 63. City or state | | | | |
| 64. City or state | | | | |
| 65. City or state | | | | |
| 66. City or state | | | | |
| 67. City or state | | | | |
| 68. City or state | | | | |
| 69. City or state | | | | |
| 70. City or state | | | | |
| 71. City or state | | | | |
| 72. City or state | | | | |
| 73. City or state | | | | |
| 74. City or state | | | | |
| 75. City or state | | | | |
| 76. City or state | | | | |
| 77. City or state | | | | |
| 78. City or state | | | | |
| 79. City or state | | | | |
| 80. City or state | | | | |
| 81. City or state | | | | |
| 82. City or state | | | | |
| 83. City or state | | | | |
| 84. City or state | | | | |
| 85. City or state | | | | |
| 86. City or state | | | | |
| 87. City or state | | | | |
| 88. City or state | | | | |
| 89. City or state | | | | |
| 90. City or state | | | | |
| 91. City or state | | | | |
| 92. City or state | | | | |
| 93. City or state | | | | |
| 94. City or state | | | | |
| 95. City or state | | | | |
| 96. City or state | | | | |
| 97. City or state | | | | |
| 98. City or state | | | | |
| 99. City or state | | | | |
| 100. City or state | | | | |

INSTRUCTIONS

Our workbook consists of eleven worksheets in one workbook. The workbook allows for accounting of three buildings, just like Schedule E of IRS form 1040.

The first three worksheets are for entering income (cash received for any and all reasons) for each building. If you received cash, it goes here – simple! These worksheets allow for up to 8 tenants per building in a calendar year.

The 4th worksheet is where you enter your payments for utilities: water, sewer, electric and heat. If any tenants are responsible for paying you for any portion of utilities, their payments to you for their part of utility expenses (entered on the first three worksheets) will be deducted on this worksheet. Your “net” utilities cost is calculated here and then carried forward to the Schedule E worksheet.

The next three worksheets are for entering the expenses you incur for each building. These worksheets have columns for the expense lines currently on Schedule E.

The 8th worksheet provides a place to enter cash disbursements that you have decided should be classified as capital improvements. You may need to ask your accountant / tax professional about which cash disbursements should be expensed on worksheets 5 through 7 and which should be capitalized on this worksheet.

The 9th worksheet contains totals carried forward from all of worksheets 1 through 8. These totals are displayed in a format that looks similar to the actual IRS Schedule E form. This format is for convenience only and a printed copy of this worksheet is not acceptable as a substitute for the actual IRS Schedule E form. You need to transfer the figures shown here to a current IRS Schedule E form. Like with the actual Schedule E, it allows you to make other entries to complete the totals.

The 10th worksheet is labeled “Analysis” and offers an optional review of the overall pretax return of each property. The overall pretax return of a property includes three items: 1) The net change in cash for the year, 2) the amount of principle on your mortgage (if any) that was paid down in the year and finally, 3) the appreciation (or depreciation) that you estimate has happened on each property in the year. The total of these three represents your estimated gross gain/loss for each property before taxes.

Remember, there is a very, very important fourth item that is part of a total analysis of the value of investing in income properties. That is the income tax consequence. But only your accountant / tax professional can help you with that.

The final worksheet is a cover page that you can print for the final printed copy for your records.

Footnote about the general conventions used in this workbook:

1. Cells that permit entries to be made have blue backgrounds
2. Green cells contain totals or results of other information that has been entered
3. All white cells are part of the forms background

STEP BY STEP INSTRUCTIONS

The following ten steps are illustrated on the pages that follow these written instructions. Refer to these numbered items in circled pointers to reference the locations for each task in the workbook.

1. Enter the year for this record keeping booklet in this field located at the top right of the "Income Bldg 1" worksheet. The year entered is carried forward to all other worksheets and the cover page.
2. For each building (up to three) enter the building address, city, state and zip code in the blue fields at the upper left of the 3 income worksheets. Building addresses are carried forward to all other worksheets and the cover page.
3. For each tenant in each building, enter the tenant's information. The two lines at the bottom of the tenant section allows for the entry of any notes.
4. On the lower half of each tenant page (there are 8 per building), enter the date description and the amounts of any and all payments you received from each tenant.
5. Throughout the year enter the amounts of any utility payments that *you* make for each property. If you collect utilities payments from any tenant (that you enter on the three Income worksheets) those amounts are subtracted here to provide you with your net utilities expenses per building that are then carried forward to the Schedule E worksheet.
6. Throughout the year enter expense information on the "Expenses" worksheets 5 through 7. Expense column are organized to meet those expense totals that need to be filled in on Schedule E.
7. Enter cash disbursements that need to be capitalized and depreciated, rather than expensed. If you are uncertain as to when an item should be expense or when it should be capitalized, you should look to IRS instructions or consult with your tax professional. This worksheet assumes that all capitalized items will be depreciated over a 29.5 year life. If you determine that a different depreciation schedule is appropriate, formulas in this spreadsheet may need to be adjusted.
8. For your own reference you may wish to enter your name and Social Security number or the business entity name and EIN number for this tax filing.
9. The Schedule E worksheet (that looks similar to the actual IRS form) allows you to make entries for other items not already accounted for. All blue fields allow for additional input. Once these final figures (if any) have been entered, this worksheet will show all the needed figures that you will need to transfer to an official IRS Schedule E for inclusion with your tax return.
10. For our own use, we developed the Analysis worksheet to give us and overall, estimated picture of the pretax gain or loss of each building. To get your

estimate, enter information in blue fields. The results will show the estimated gain or loss per building and the total for all three.

THE FINE PRINT

We already admitted that we're not accountants and we won't try to be attorneys either, but here's the deal:

1. The first time you use this workbook PULL-EEZE check all the totals to make sure that your happy tax return / annual IRS love letter is correct 😊! If you made any mistake in Uncle Sam's eyes, we'll let you take the credit!
2. If you get a larger tax return than you expected because you used this cool workbook, we're not pigs, just send us maybe half! Deal?
3. If you forward copies of this to your friends please give us credit by leaving our logos and website link in the forms.
4. Finally, something you won't find in any attorney's fine print: Thanks for your interest in Realty Dynamics and we hope our good will, will encourage yours 😊!



THE MOST DYNAMIC REAL ESTATE COMPANY ON THE PLANET!

Supplemental Income and Loss (Worksheet)

Note: This document is not an IRS approved Schedule E form.
Users must refer to the latest Schedule E Form and Instructions.

Similarity to actual IRS Schedule E is for convenience only
in transferring information to an approved IRS form.

| | | |
|----------------|---|---------------|
| Your name here | | Your SS# here |
| 1 | Show the kind and location of each rental real estate property : | |
| A | 1234 Maple Street West Bend, WI 53095 | |
| B | Bldg 2 address Bldg 2 city, state, zip | |
| C | Bldg 3 address Bldg 3 city, state, zip | |

| | Properties | | | | Totals |
|--|---------------------|------|------|-----------|-----------|
| | A | B | C | | |
| Income: | | | | | |
| 3 Rents received | 3 23,750.00 | 0.00 | 0.00 | 3 | 23,750.00 |
| 4 Royalties received | 4 | | | 4 | 0.00 |
| Expenses: | | | | | |
| 5 Advertising | 5 83.25 | 0.00 | 0.00 | | |
| 6 Auto and travel | 6 0.00 | 0.00 | 0.00 | | |
| 7 Cleaning and maintenance | 7 0.00 | 0.00 | 0.00 | | |
| 8 Commissions | 8 | | | | |
| 9 Insurance | 9 846.00 | 0.00 | 0.00 | | |
| 10 Legal and other professional fees | 10 200.00 | 0.00 | 0.00 | | |
| 11 Management fees | 11 0.00 | 0.00 | 0.00 | | |
| 12 Mortgage Interest paid to banks, etc. | 12 0.00 | 0.00 | 0.00 | 12 | 0.00 |
| 13 Other interest | 13 | | | | |
| 14 Repairs | 14 29.84 | 0.00 | 0.00 | | |
| 15 Supplies | 15 42.35 | 0.00 | 0.00 | | |
| 16 Taxes | 16 2,419.50 | 0.00 | 0.00 | | |
| 17 Utilities | 17 2,864.32 | 0.00 | 0.00 | | |
| 18 Other (list) | 18 | | | | |
| 19 Add lines 5 through 18 | 19 6,485.26 | 0.00 | 0.00 | 19 | 6,485.26 |
| 20 Depreciation expense or depletion | 20 11,855.93 | 0.00 | 0.00 | 20 | 11,855.93 |
| 21 Total expenses. Add lines 19 and 20 | 21 18,341.19 | 0.00 | 0.00 | | |
| 22 Income or (loss) from rental real estate or royalty property. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a loss see Schedule E instructions. To find out if you must file Form 6198. | 22 11,544.40 | 0.00 | 0.00 | | |
| 23 Deductible rental real estate loss. Caution: your rental real estate loss on line 22 may be limited. See Schedule E instructions before completing. | 23 | | | | |
| 24 Income. Add positive amounts shown on line 22. Do not include any losses. | | | | 24 | 11,544.40 |
| 25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. | | | | 25 | 0.00 |
| 26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the results here. | | | | 26 | 11,544.40 |

9

Analysis for the Year

2008

1234 Maple Street
West Bend, WI 53095

Cash

| | | |
|---|--------|-------|
| Total Cash Received | 30,456 | |
| Cash Disbursed For Operating Expenses | 21,054 | |
| Cash Disbursed for Captial Expenditures | 9,750 | |
| Net Change in Cash | | 9,402 |

Appreciation

| | | |
|---|---------|-------|
| Estimated Value at Beginning of the Year | 327,500 | |
| Estimated Appreciation Percent for the Year | 2.0% | |
| Estimated Added Value Due To This Year's Capital Expenditures | 3,000 | |
| Estimated Value at the End of the Year | 337,050 | |
| Estimated Appreciation for the Year | | 9,550 |

10

Debt Reduction

| | | |
|---|---------|--------|
| Mortgage Balance at the Beginning of the Year | 241,680 | |
| Mortgage Balance at the End of the Year | 229,832 | |
| Total Reduction on Principle Balance | | 11,848 |

Total Realized and Unrealized Pretax Gain 30,800

Bldg 2 address
Bldg 2 city, state, zip

Cash

| | | |
|---|---|---|
| Total Cash Received | 0 | |
| Cash Disbursed For Operating Expenses | 0 | |
| Cash Disbursed for Captial Expenditures | 0 | |
| Net Change in Cash | | 0 |

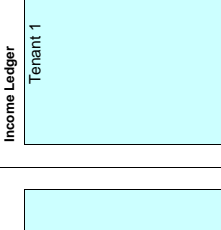
Appreciation

| | | |
|---|---|---|
| Estimated Value at Beginning of the Year | | |
| Estimated Appreciation Percent for the Year | | |
| Estimated Added Value Due To This Year's Capital Expenditures | | |
| Estimated Value at the End of the Year | 0 | |
| Estimated Appreciation for the Year | | 0 |

Debt Reduction

| | | |
|---|--|---|
| Mortgage Balance at the Beginning of the Year | | |
| Mortgage Balance at the End of the Year | | |
| Total Reduction on Principle Balance | | 0 |

Total Realized and Unrealized Pretax Gain 0

| Income Bldg 1 Rents, late fees & Utilities they pay you Tracked by tenant | Income Bldg 2 Rents, late fees & Utilities they pay you Tracked by tenant | Income Bldg 3 Rents, late fees & Utilities they pay you Tracked by tenant | Utilities Total utilities you pay Tenant pay to you is deducted here Tracked by building | Expenses Bldg 1 All expense Tracked by building | Expenses Bldg 2 All expense Tracked by building | Expenses Bldg 3 All expense Tracked by building | Depr. & Capex Expensive improvements Tracked by building | Schedule E Source Document for Preparation of Your Schedule E | Analysis Analysis of Your Estimated Total Return on Each Property | Cover Page A Cover Page For Your Accounting Notebook |
|---|---|---|--|--|--|--|---|---|---|--|
| Income Ledger Tenant 1 | Income Ledger Tenant 1 | Income Ledger Tenant 1 | <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>Bldg 1</p> <p>Utilities You Paid</p> </div> <div style="width: 30%;"> <p>Bldg 2</p> <p>Utilities You Paid</p> </div> <div style="width: 30%;"> <p>Bldg 3</p> <p>Utilities You Paid</p> </div> </div> | <p>Expense Ledger</p> <p>Insurance Property Taxes Mortgage</p> <p>Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>Insurance Property Taxes Mortgage</p> <p>Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>Insurance Property Taxes Mortgage</p> <p>Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Depr. & Capex</p> <p>Bldg 1</p> |  | <p>Analysis for the Year</p> <p>Bldg 1</p> | <p>Cover Page</p> |
| Income Ledger Tenant 2 | Income Ledger Tenant 2 | Income Ledger Tenant 2 | | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Depr. & Capex</p> <p>Bldg 2</p> | <p>Analysis for the Year</p> <p>Bldg 2</p> | | |
| Income Ledger Tenant 3 | Income Ledger Tenant 3 | Income Ledger Tenant 3 | | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Depr. & Capex</p> <p>Bldg 3</p> | <p>Analysis for the Year</p> <p>Bldg 3</p> | | |
| Income Ledger Tenant 8 | Income Ledger Tenant 8 | Income Ledger Tenant 8 | | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Expense Ledger</p> <p>-more - Repairs Supplies Advertising Cleaning & Maint. Legal</p> | <p>Analysis for the Year</p> <p>All Bldgs Combined</p> | | | |

Enter information in the **BLUE** shaded cells only.

GREEN shaded cells are automatically calculated for you.

All **WHITE** background areas and green shaded boxes can not be changed.

After entering new information, select "Save" on the "File" pull down menu to save the information you have entered. We recommend that you save your work every 10 minutes or so, to insure that your accounting activities are secure. When you are finished entering information for a session and you have saved the new information, close your work session by clicking on the "X" button in the upper right corner to close your work session.

**SCHEDULE E
(Form 1040)**

Supplemental Income and Loss

2009

Note: This document is not an IRS approved Schedule E form.
Users must refer to the latest Schedule E Form and Instructions.

Similarity to actual IRS Schedule E is for convenience only
in transferring information to an approved IRS form.

| | | |
|----------------|---|---------------|
| Your name here | | Your SS# here |
| 1 | Show the kind and location of each rental real estate property : | |
| A | Bldg 1 address Bldg 1, city, state, zip | |
| B | Bldg 2 address Bldg 2 city, state, zip | |
| C | Bldg 3 address Bldg city, state, zip | |

| | Properties | | | Totals |
|---|------------|------|------|----------------|
| | A | B | C | |
| Income: | | | | |
| 3 Rents received | 0.00 | 0.00 | 0.00 | 3 0.00 |
| 4 Royalties received | | | | 4 0.00 |
| Expenses: | | | | |
| 5 Advertising | 0.00 | 0.00 | 0.00 | |
| 6 Auto and travel | 0.00 | 0.00 | 0.00 | |
| 7 Cleaning and maintenance | 0.00 | 0.00 | 0.00 | |
| 8 Commissions | | | | |
| 9 Insurance | 0.00 | 0.00 | 0.00 | |
| 10 Legal and other professional fees | 0.00 | 0.00 | 0.00 | |
| 11 Management fees | 0.00 | 0.00 | 0.00 | |
| 12 Mortgage Interest paid to banks, etc. | 0.00 | 0.00 | 0.00 | 12 0.00 |
| 13 Other interest | | | | |
| 14 Repairs | 0.00 | 0.00 | 0.00 | |
| 15 Supplies | 0.00 | 0.00 | 0.00 | |
| 16 Taxes | 0.00 | 0.00 | 0.00 | |
| 17 Utilities | 0.00 | 0.00 | 0.00 | |
| 18 Other (list) | | | | |
| 19 Add lines 5 through 18 | 0.00 | 0.00 | 0.00 | 19 0.00 |
| 20 Depreciation expense or depletion | 0.00 | 0.00 | 0.00 | 20 0.00 |
| 21 Total expenses. Add lines 19 and 20 | 0.00 | 0.00 | 0.00 | |
| 22 Income or (loss) from rental real estate or royalty property. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a loss see Schedule E instructions to find out if you must file Form 6198. | 0.00 | 0.00 | 0.00 | |
| 23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See Schedule E instructions. | | | | |
| 24 Income. Add positive amounts shown on line 22. Do not include any losses. | | | | 24 0.00 |
| 25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. | | | | 25 0.00 |
| 26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the results here. | | | | 26 0.00 |