

# Exercise 1: Duffy

## 1040 Form Questions

1. Are there any income sources on Lines 1 through 5 that need to be evaluated?

Line 3 – Dividends

Line 4 – IRA/Pensions/Annuities

2. Is there any Schedule 1 income listed?

Yes.

## Schedule 1 Questions

1. What income should be considered for LIHEAP?

None – capital gains are not counted income.

2. What schedule(s) do you need?

None

## Income Questions

1. What amount should be counted for Dividends?

Line 3b: \$5,400

2. Should you use the SSA income from the 1040 or another source?

From the 1040 because only one qualified period can be utilized for calculation. You cannot use the tax return form to verify one source of income and then use something else to verify a different income source.

# Exercise 2: Thompson

## 1040 Form Questions

1. Are there any income sources on Lines 1 through 5 that need to be evaluated?  
**Line 2, interest income. Although interest income is not counted income, it does indicate the need to ask/explore if there is \$15,000 in assets.**
2. Is there any Schedule 1 income listed?  
**Yes.**

## Schedule 1 Questions

1. What income listed on Schedule 1 should be included for LIHEAP?  
**Line 11: Alimony \$3,000**  
**Line 17: business income \$21,044**
2. Do you need any additional information?  
**Not directly because you use just the amounts from lines 11 and 17. If you want to understand what makes up Line 17 income, review Schedule E.**

## Schedule E Questions

1. What type of business income is reported on the Schedule E?  
**Partnership Income.**
2. How many partnerships are reported on the Schedule E?  
**There is only one partnership.**

# Exercise 3: Maisel

## 1040 Form Questions

1. What income listed on the 1040 is possibly counted income for LIHEAP?  
Line 1: Wages \$2,630  
Line 3b: Dividends \$138  
Line 6: Schedule 1 income

## Schedule 1 Questions

1. What income lines need to be counted for LIHEAP?  
Line 12: Business Income \$7,093  
Line 19: Unemployment Compensation \$5,054  
Line 21: Gambling \$1,200
2. What schedule would you look at to learn more about the business(s)?  
Schedule C.

## Schedule C Questions

1. How many businesses does Ms. Maisel operate?  
Three

# Exercise 4: Scott

## 1040 Form Questions

1. What income listed on the 1040 is possibly counted income for LIHEAP?  
**Line 6 – Schedule 1 income.**

## Schedule 1 Questions

1. What sources of income are listed?

**Line 13: Capital Gain**

**Line 17: Business**

2. Which lines are counted for LIHEAP?

**Line 17: \$10,499**

**Capital gains are not counted for LIHEAP.**

## Schedule E Questions

1. What type of business income is reported on the Schedule E?

**Royalties, Rent and Partnership income.**

2. Do you need to separate out each source of income on Schedule E?

**No, under current policy, you just need the amount on line 17.**

# Exercise 5: Holden

## 1040 Form Questions

1. What income listed on the 1040 is possibly counted income for LIHEAP?  
Line 1: Wages \$40,000  
Line 3b: Dividends \$244  
Line 6: Income from Schedule 1

## Schedule 1 Questions

1. Do you count the personal capital gains?  
No
2. What business income is listed?  
Line 17: \$23,437  
Line 18: \$ 6,121
3. What schedule(s) provide details on the business income?  
Schedules E and F

## Schedule E Questions

1. What type of business income is reported on the Schedule E?  
S-Corporation and Partnership and income.
2. How many businesses are on the Schedule E?  
Four – Rocinante Express, Protomolecule Industries, Montana Share Farm and Tycho Station. Some are listed multiple times due both adults having a K-1 and reported Guaranteed Payments.