



INCOME STATEMENT

Period Duration

- This field gives the length (in months) of the period in question.

Period End Date

- This field gives the date that the period in question ended. Please give the date in the following format: mm/dd/yyyy.

Description

- Include a description here that may identify this financial statement. This is especially useful if you include multiple periods of data with the same period ending date.

Sales (Income)

- Include all sales and revenues for the company. It would be best to include net revenues (gross revenues less any allowances).

Cost of Sales (COGS)

- It is best to use the Income Statement of the company as the model for inputting values to this area. If only inventory costs are included on the Income Statement for COGS, just include inventory costs. Typically, however, COGS includes inventory costs, direct labor costs, material costs, and other costs directly associated with the generation of revenue.

o Direct Labor (optional)

- Salaries and wages incurred that vary in direct proportion to the level of production. Most commonly this includes wages for workers in manufacturing plants, any foremen and supervisors, and any related support staff such as industrial engineers or mechanics. It is also applicable to service and construction industries.

o Depreciation (COGS-related)

- This field should include all depreciation-related expenses directly associated with Cost of Sales. Depreciation expenses NOT related to Cost of Sales should be included separately in the Depreciation field below.

o Direct Materials (optional)

- This field represents all expenses for materials (raw materials, operating supplies, components, etc.) directly associated with Cost of Sales. Expenses for materials NOT related to Cost of Sales should be included separately as part of Operating Expenses.

Gross Profit

- Gross Profit is the excess of revenue after subtracting out cost of sales. The Gross Profit field is calculated according to the formula: $\text{Gross Profit} = \text{Sales} - \text{Cost of Sales}$.

Depreciation

- This includes all depreciation expenses of the company. In the case where a company has other non-cash expenses associated with Plant, Property, and Equipment, include those costs as well. Also include any other non-cash expenses that are not accounted for elsewhere. Do NOT include any depreciation already included in the Depreciation (COGS-related) account.

Amortization

- An estimate for the amount by which an intangible asset category has decreased in value over a certain period of time. Amortization expense is similar to depreciation expense except that amortization expense is applied to intangible assets, whereas depreciation expense is applied to fixed assets.

Overhead or S, G, & A Expenses

- This represents costs involved with the day-to-day operations of the company. Include rent, utilities, other overhead, and all selling, general, and administrative costs incurred that are not already covered by other line items in the statement. Be sure to exclude depreciation, amortization, and interest expense from this field, as these values are accounted for elsewhere.

o G&A Payroll Expense (optional)

- This field should include all wages, salaries, payroll taxes, and other employer-related payroll expenses (health insurance, pension funds, etc.). Include owner's compensation up to the fair market rate. Do not include any direct labor costs already included in Costs of Sales.

o Rent (optional)

- Include here the total amount of rent paid by the company.

o Advertising (optional)

- Include here any advertising expense incurred by the company.

Other Operating Income

- Include here any operating income not already accounted for.

Other Operating Expenses

- Include here any operating expenses not already accounted for.

Operating Profit

- Income or loss from normal business operations before tax. The Operating Profit field is calculated by subtracting Depreciation, Amortization, and S,G,& A expenses from Gross Profit, with additional adjustments for miscellaneous operating items.

Interest Expense

- Include all costs associated with borrowing activities. How much money was paid in interest?

Other Income

- Include here any regular and recurring expense incurred by the company that has not already been included above.

Other Expenses

- Include here any regular and recurring expense incurred by the company that has not already been included above.

Net Profit Before Taxes

- This is the company's net profit for the period before income taxes are paid. Do not include any extraordinary gains or losses in this field.

Adjusted Owner's Compensation

- This is an optional input intended to compensate for owner's compensation that is taken out of the net profit but is not a true operational expense. Please include any compensation paid to owners in excess of their market rate salaries that is booked as an expense and is included on the Income Statement. This adjustment gives an improved picture of the operating performance of the company less expenses above fair market value. It is also a good idea to include any transactions or accounts that reflect an owner's personal expenses. For example, if the principal/owner of a business owns the building that the company leases, it would be a good idea to include the portion of lease expense that is above what the normal rental expense of the business might be if the principal did not own the building.

Adjusted Net Profit Before Taxes

- This is the most important field. This number should reflect the true earning power of the business for principals and owners. It is calculated by adding the Owner's Compensation into the Net Profit Before Taxes.

Taxes Paid

- Include the amount of taxes paid by the company on its most recent tax filing corresponding to the period length being analyzed.

Extraordinary Gain

- Include here any income generated by the company outside of normal operations that is neither regular nor recurring.

Extraordinary Loss

- Include here any non-operating expenses incurred by the company that are neither regular nor recurring.

Net Income

- This field should equal sales minus any and all expenses of the company. Keep in mind that net income, which will be expressed as a negative or positive number, is the very last number that appears on the Income Statement.