# Acme Company
## Income Statement
### For the Year Ended December 31, 2019

**Revenue:**
- Gross Rentals: $25,000.00
- Gross Sales: $5,000.00
- Gross Labor: $5,000.00
- **Net Revenue:** $35,000.00

**Cost of Sales:**
- Sub-Rentals (Cost to rent gear from other companies if you are short): $250.00
- Perishables (items included in a rental like lamps, only charged if used): $75.00
- Sale item Costs (cost associated with buying the items you sold): $4,000.00
- Labor COGS-Outside 1099 or temp: $1,750.00
- **Cost of Goods Sold:** $6,075.00

**Gross Profit (Loss):** $28,925.00 (83%)

**SG&A Expenses:**
- Owner Labor: $2,000.00
- Office Labor: $1,000.00
- Payroll Taxes: $180.00
- Advertising: $500.00
- Bad Debts: $250.00
- Bank Charges: $35.00
- Charitable Contributions: $0.00
- Credit Card Fees: $875.00
- Delivery Expenses: $0.00
- Dues and Subscriptions: $75.00
- Insurance: $1,000.00
- Maintenance: $0.00
- Miscellaneous: $0.00
- Office Expenses: $125.00
- Operating Supplies: $0.00
- Permits and Licenses: $0.00
- Postage: $200.00
- Professional Fees: $0.00
- Rent: $5,250.00
- Repairs: $0.00
- Telephone: $79.99
- Travel: $500.00
- Utilities: $500.00
- Vehicle Expenses: $1,000.00
- **Total Expenses:** $13,569.99

**Net Operating Income:** $15,355.01 (44%)

**Taxes & Depreciation:**
- Taxes: $1,500.00
- Depreciation: $2,500.00
- Gain (Loss) on Sale of Assets: $0.00
- Interest Income: $0.00
- **Total Taxes & Depreciation:** $4,000.00

**Net Income (Loss):** $11,355.01 (32%)
# Acme Company
## Balance Sheet
### 12/31/2019

### Assets

**Current Assets:**
- Cash: $25,000  
- Accounts Receivable: $10,000  
- Less: Reserve for Bad Debts: 1,000  
- Merchandise Inventory: 25,000  
- Prepaid Expenses: 7,200  
- Notes Receivable: 0  
  
  **Total Current Assets:** $66,200  

**Fixed Assets:**
- Vehicles: 35,000  
  - Less: Accumulated Depreciation: 5,000  
  - 30,000  
- Furniture and Fixtures: 5,000  
  - Less: Accumulated Depreciation: 5,000  
  - 0  
- Equipment: 10,000  
  - Less: Accumulated Depreciation: 5,000  
  - 5,000  
- Buildings: 0  
  - Less: Accumulated Depreciation: 0  
  - 0  
- Land: 0  
  
  **Total Fixed Assets:** $35,000  

**Other Assets:**
- Goodwill: 0  
  
  **Total Other Assets:** 0  

**Total Assets:** $101,200

### Liabilities and Capital

**Current Liabilities:**
- Accounts Payable: $15,000  
- Sales Taxes Payable: 2,000  
- Payroll Taxes Payable: 2,000  
- Accrued Wages Payable: 7,000  
- Unearned Revenues: 0  
- Short-Term Notes Payable: 0  
- Short-Term Bank Loan Payable: 10,000  
  
  **Total Current Liabilities:** $36,000  

**Long-Term Liabilities:**
- Long-Term Notes Payable: 50,000  
- Mortgage Payable: 0  
  
  **Total Long-Term Liabilities:** 50,000  

**Total Liabilities:** 86,000

**Capital:**
- Owner's Equity: 10,613  
- Net Profit: 4,587  
  
  **Total Capital:** 15,200

**Total Liabilities and Capital:** $101,200
When comparing the income statements vs. balance sheets, the balance sheet shows summary totals, not revenues and expenses; however, it does show current assets such as cash in bank, receivables, and fixed assets such as land, buildings, equipment, and vehicles to determine your total assets, less depreciation at the end of an accounting period.

An Income statement is a financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period, typically over a fiscal quarter or year.

It's called a balance sheet because the two sides balance out. This makes sense: a company has to pay for all the things it has (assets) by either borrowing money (liabilities) or getting it from shareholders (shareholders' equity).

### Income Statement Accounts:

<table>
<thead>
<tr>
<th>Account</th>
<th>Summary Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>These all refer to the total dollar amount of sales of goods and services billed to a customer.</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>Cost of goods (or products) sold (COGS), and cost of services</td>
</tr>
<tr>
<td>Gross Profit ©</td>
<td>Represents the difference between gross revenue (A) and the cost of sales (B). (A-B=C)</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>Often referred to as SG&amp;A, these accounts comprise a company's operational expenses. The cost to run the business regardless of volume of revenue.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>Deducting SG&amp;A from a company's gross profit produces operating income. This figure represents a company's earnings from its normal operations before any costs such as interest expense, taxes and special items.</td>
</tr>
<tr>
<td>Net Income</td>
<td>This is the bottom line, which is the most commonly used indicator of a company's profitability.</td>
</tr>
</tbody>
</table>
### Balance Sheet Accounts:

<table>
<thead>
<tr>
<th>Description</th>
<th>Summary description:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>Current assets have a life span of one year or less, meaning they can be converted</td>
</tr>
<tr>
<td></td>
<td>easily into cash. Such assets classes include cash and cash equivalents, accounts</td>
</tr>
<tr>
<td></td>
<td>receivable and inventory</td>
</tr>
<tr>
<td><strong>Non-Current Assets (Fixed Assets)</strong></td>
<td>Non-current assets are assets that are not turned into cash easily, are expected</td>
</tr>
<tr>
<td></td>
<td>to be turned into cash within a year and/or have a lifespan of more than a year. They</td>
</tr>
<tr>
<td></td>
<td>can refer to tangible assets such as machinery, computers, buildings and land.</td>
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<tr>
<td></td>
<td>Non-current assets also can be intangible assets, such as goodwill, patents or</td>
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<tr>
<td></td>
<td>copyright. Depreciation is calculated and deducted from most of these assets, which</td>
</tr>
<tr>
<td></td>
<td>represents the economic cost of the asset over its useful life</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>the company's liabilities that will come due, or must be paid, within one year. This</td>
</tr>
<tr>
<td></td>
<td>includes both shorter-term borrowings, such as accounts payables, along with the</td>
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<td>current portion of longer-term borrowing, such as the latest interest payment on a</td>
</tr>
<tr>
<td></td>
<td>10-year loan.</td>
</tr>
<tr>
<td><strong>Long Term Liabilities</strong></td>
<td>debts and other non-debt financial obligations, which are due after a period of at</td>
</tr>
<tr>
<td></td>
<td>least one year from the date of the balance sheet.</td>
</tr>
<tr>
<td><strong>Shareholders' Equity</strong></td>
<td>Shareholders’ equity is the initial amount of money invested into a business. If,</td>
</tr>
<tr>
<td></td>
<td>at the end of the fiscal year, a company decides to reinvest its net earnings into</td>
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<td></td>
<td>the company (after taxes), these retained earnings will be transferred from the</td>
</tr>
<tr>
<td></td>
<td>income statement onto the balance sheet and into the shareholder's equity account.</td>
</tr>
<tr>
<td></td>
<td>This account represents a company’s total net worth</td>
</tr>
</tbody>
</table>