

Donovan Lumber Corporation
Income Statement
For Year Ended December 31, 2016

% of sales

Operating Revenue:			
Sales		\$ 983,837.20	
Less: Sales Discount	\$ 1,894.50		
Sales Returns and Allowances	\$ 4,583.50	\$ 6,478.00	
Net Sales		\$ 977,359.20	100.0%
Cost of Merchandise Sold:			
Merchandise Inventory, Jan. 1		\$ 78,858.00	
Purchases	\$ 697,318.50		
Less: Purchases Discount	\$ 4,215.50		
Purchases Ret. And Allow.	\$ 1,848.47	\$ 6,063.97	
Net Purchases		\$ 691,254.53	
Total Cost of Mdse. Avail. For Sale		\$ 770,112.53	
Less Mdse. Inventory, Dec. 31		\$ 81,284.50	
Cost of Merchandise Sold		\$ 688,828.03	70.5%
Gross Profit on Operations		\$ 288,531.17	29.5%
Operating Expenses:			
Advertising Expense		\$ 9,483.80	
Cash Short and Over		\$ 10.20	
Credit Card Fee Expense		\$ 8,482.90	
Depr. Expense-Office Equipment		\$ 3,128.00	
Depr. Expense-Store Equipment		\$ 3,389.00	
Insurance Expense		\$ 4,768.00	
Miscellaneous Expense		\$ 9,184.80	
Payroll Taxes Expense		\$ 12,848.00	
Rent Expense		\$ 15,000.00	
Repair Expense		\$ 4,104.80	
Salary Expense		\$ 125,483.20	
Supplies Expense		\$ 3,140.20	
Uncollectible Accounts Expense		\$ 6,850.00	
Utilities Expense		\$ 7,158.90	
Total Operating Expenses		\$ 213,031.80	21.8%
Income from Operations		\$ 75,499.37	7.7%
Other Revenue:			
Gain on Plant Assets	\$ 715.00		
Interest Income	\$ 542.00		
Total Other Revenue		\$ 1,257.00	
Other Expenses:			
Interest Expense	\$ 3,458.40		
Loss on Plant Assets	\$ 184.00		
Total Other Expenses		\$ 3,642.40	
Net Deduction		\$ 2,385.40	0.2%
Net Income before Fed. Income Tax		\$ 73,113.97	7.5%
Less Federal Income Tax Expense		\$ 13,278.49	
Net Income after Federal Income Tax		\$ 59,835.48	

	Acceptable %	Actual %	Positive Result	
			Yes	No
Cost of merchandise sold	Not more than 70.0%	70.50%		v
Gross profit on operations	Not less than 30.0%	29.50%		v
Total operating expenses	Not more than 25.0%	21.80%	v	
Income from operations	Not less than 5.0%	7.70%	v	
Net deduction from other revenue and expenses	Not more than 0.1%	0.20%		v
Net income before federal income tax	Not less than 4.9%	7.50%	v	