



# Profit & Loss Statements

*Foundational Guide  
for Small Farms*

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United States Department of Agriculture  
Agricultural Marketing Service  
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Transition to Organic Partnership Program



## Introduction

### Purpose Of This Guide

This guide is designed to build a foundational understanding of key financial concepts essential for managing a farm business, with specific guidance tailored to the needs of organic farms. It will guide you through foundational business terminology and demonstrate how to read a Profit and Loss statement (P&L). It also provides tools and frameworks for effectively tracking income and expenses so you can better understand the financial health of your business, identify key costs, and make more informed decisions. While it does not present a process for creating business projections, it can support your ability to determine how certain business decisions—such as transitioning to organic production—might affect your profitability. It does this by teaching you how to read and create a Profit and Loss statement and by helping you develop a better understanding of your historical costs. You can apply this knowledge and skill set to create informed financial projections for your business.

### What This Guide Is Not

This guide does not cover the other two main financial statements used in business assessment, namely cash flow statements and balance sheets. Furthermore, it is not designed to calculate the cost of producing a specific crop or product.

### Who This Guide is For

This guide is for farmers that fall into one or more of these categories:

- Certified USDA Organic
- Farmers transitioning to organic
- Fruit & Vegetables, Meat, Grains, Dairy and/or value-added farmers
- Land owners or leasers
- Growing one or two crops or diversified operations
- Selling through any and all market channels

## Profit & Loss Statement

A Profit and Loss statement (P&L) is a fundamental financial statement that shows how much money a business earns, spends, and keeps over a specific period of time. It can be a summary of the past and present (historical) or a best-guess at the future (projection). It presents key financial information by listing income, Cost of Goods Sold (COGS), operating expenses, and the resulting profit or loss. Profit is especially important because it enables a farm to build emergency savings, reinvest in equipment or infrastructure, and provide income to the farm owners.

A P&L serves several important purposes for a farm business, both externally and internally. Externally, it is often required when seeking funding from banks, investors, or grant programs. It may also be requested when selling the business, alongside other financial documents such as the cash flow statement and balance sheet. Additionally, it is a key document for communicating financial information to an accountant for tax preparation. Internally, farms use a P&L to track how money flows in and out of the business. It helps identify opportunities to reduce costs and increase income, particularly when comparing P&L statements over time—for example, analyzing the differences between a 2023 and a 2024 statement to assess growth or shifts in spending.

### Meet Bright Roots Farm

The P&L example presented on the next page and referenced throughout this guide belongs to fictitious Bright Roots Farm. Bright Roots Farm is a lively, certified organic operation run by two longtime friends, Bailey and Rhea. What started as weekend conversations over seed catalogs and farmers market hauls quickly grew into a bold decision: lease land and build a farm from the ground up.

Today, Bright Roots Farm is a diversified oasis bursting with color and variety, growing over ten different crops throughout the season. From crisp greens and juicy heirloom tomatoes to vibrant root vegetables and fragrant herbs, their harvests are as beautiful as they are bountiful. This year, they introduced a line of salves and soaps that creatively repurpose excess herbs from their harvest.

Bailey and Rhea do a lot of the work themselves, with two full-time employees and some seasonal harvesting help. They sell their produce direct-to-consumer at three local farmers markets and a one hundred person CSA. They also sell wholesale to restaurants in a nearby urban center and through a regional food hub. Loyal customers love being able to visit the farm and so tickets to their monthly farm tour and tasting experiences typically sell out.

# Bright Roots Farm

## Profit and Loss Statement

January - December 2024

Income	
CSA	\$ 130,000.00
Farmers' Market	\$ 170,000.00
Wholesale	\$ 60,000.00
Farm Tours	\$ 20,000.00
<b>Total Income</b>	<b>\$ 380,000.00</b>

Cost of Goods Sold	
Inputs	\$ 25,000.00
Packaging_Field	\$ 15,000.00
Packaging_Processing	\$ 5,000.00
Seeds and Plants	\$ 3,000.00
Ingredient Purchases	\$ 15,000.00
<b>Total Cost of Goods Sold</b>	<b>\$ 63,000.00</b>

<b>Gross Profit</b>	<b>\$ 317,000.00</b>
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Operating Expenses	
Automobile	
Automobile_Insurance	\$ 1,500.00
Automobile_Other Expenses	\$ 350.00
General & Administrative	
Bank Service charges	\$ 480.00
Licenses, Permits, and Certs	\$ 4,000.00
Office Supplies	\$ 350.00
Labor	
Hourly Employee Expense	\$ 80,000.00
1099 Labor Expense	\$ 30,000.00
Payroll Taxes	\$ 6,080.00
Land & Property	
Land Rent/Lease	\$ 60,000.00
Gas & Electric	\$ 1,800.00
Water	\$ 3,000.00
Sales & Marketing	
Advertising Expense	\$ 10,400.00
Sales Event Fees	\$ 6,240.00
Website	\$ 480.00
<b>Total Operating Expenses</b>	<b>\$ 204,680.00</b>

<b>Operating Profit</b>	<b>\$ 112,320.00</b>
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Other Income	
Government Payments	\$ 750.00

Other Expenses	
Ammortization Expense	\$ 6,200.00
Depreciation Expense	\$ 3,166.67
Interest Expense	\$ 13,000.00
Tax Expense	\$ 200.00

<b>Net Profit</b>	<b>\$ 90,503.33</b>
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### Profit & Loss Statement

A financial report that summarizes a business' revenues and expenses over a specific period of time. *Common synonym: Income Statement, P&L*

### Income

Money coming into the business from the sale of farm goods or services. *Common synonyms: Revenue, Total Sales, Sales*

### Cost of Goods Sold (COGS)

Direct expenses associated with growing and processing crops or other farm products. *Common synonyms: Cost of Goods, COGS, Variable Costs*

### Gross Profit

The income remaining after subtracting the Cost of Goods Sold from total income. *Common synonym: Gross Margin*

### Operating Expenses

Costs related to the general operation of the farm that are not tied to producing a specific crop or product. Generally, these expenses do not scale directly with output. *Common synonyms: Fixed Costs, Overhead, OpEx*

### Operating Profit

The money remaining in the business after covering all regular operating expenses, but before accounting for interest, depreciation, taxes, and amortization. *Common synonyms: Earnings Before Interest, Depreciation, Taxes, and Amortization, EBITDA, Net Operating Income*

### Other Income

Income earned from sources other than the sale of products or services. This can include grants, subsidies, interest earned from savings, gains from the sale of equipment, or other non-operating sources.

### Interest, Taxes, Depreciation, and Amortization

Financial line items that account for the cost of borrowing money (interest), government obligations (taxes), and the gradual reduction in value of long-term assets (depreciation and amortization).

### Net Profit

The amount of money remaining in the business after all expenses are deducted from all income. *Common synonyms: Profit, Net Income, Accounting Profit*

*Note: This is a sample P&L made up of fictitious income and expense values. It is not intended as a benchmark to judge a farm business against.*

## Decoding the Jargon

Farming uses the same financial terminology as any other business and these terms can feel like a foreign language especially when you're just getting familiar with them. Let's take a deeper look at some common financial terms so you can navigate your farm's finances with more clarity and confidence.

### Income

**Income** is the money coming into your business through the sale of goods or services. It's important to note that the following in-flows of money DO NOT get listed under Income:

- **A loan or line of credit** doesn't show up anywhere on your P&L as income. You do include the items you purchased with the money as expenses.
- **Grants, subsidies, and other non-operating revenue** are included under Other Income below the Operating Profit line on your P&L because including them with regular sales would mask whether the business is truly sustainable on its own.
- **Off-farm income** (such as a part-time job or spousal income) doesn't belong on your farm's P&L statement, since the goal is to use the P&L as a tool to assess the financial health of the farm business independently.

When categorizing income, it's helpful to organize it in a way that provides insight into how different parts of your business are performing. One approach is to categorize income by **sales channel**, such as Farm Stand, Farmers' Market, or Online Orders, so you can clearly see where your revenue is coming from. A second approach is to categorize income by **product type**, such as Crops, Eggs, Honey, and Soaps. Whichever approach, it's a good idea to also categorize income from services or farm experiences (farm stays, workshops, etc.) separately. Doing so helps you clearly distinguish between revenue generated from goods and revenue from services, giving you better insight into the different income streams of your operation and allowing you to hone in on crop income when applying for grants.

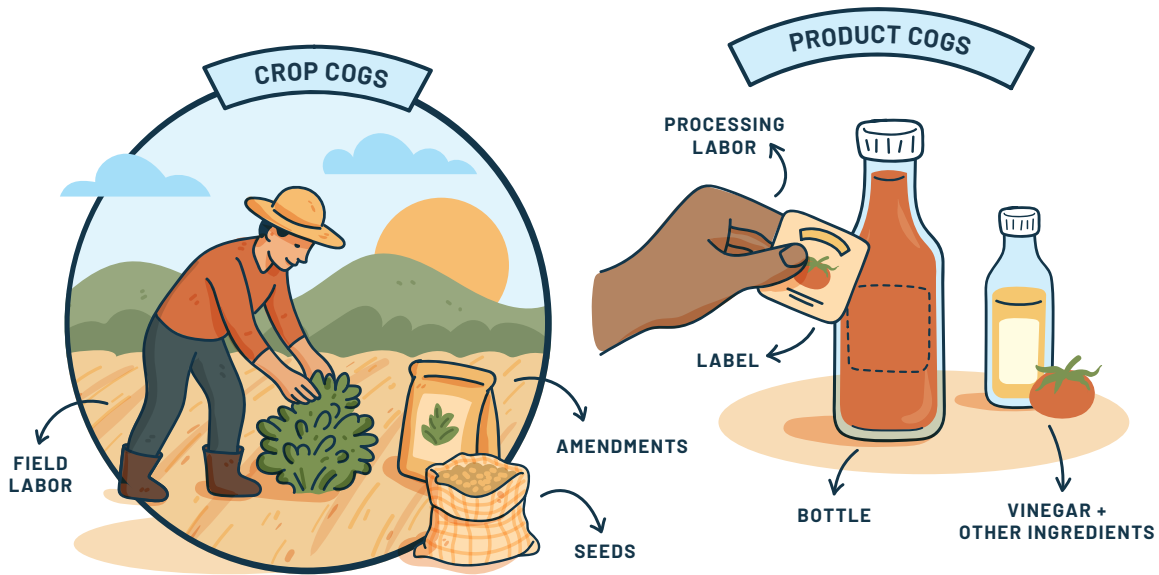
Here are two equally valid ways that Bright Roots Farm could organize Income on their P&L.

Income	
CSA	\$ 130,000.00
Farmers' Market	\$ 170,000.00
Wholesale	\$ 60,000.00
Farm Tours	\$ 20,000.00
<b>Total Income</b>	<b>\$ 380,000.00</b>

Income	
Crops	\$ 280,000.00
Value-Added Products	\$ 80,000.00
Farm Tours	\$ 20,000.00
<b>Total Income</b>	<b>\$ 380,000.00</b>

## Cost of Goods Sold

Cost of Goods Sold refers to the direct costs associated with the production of goods sold by your farm. This includes **seeds, feed, and soil amendments** for crop farmers, or **packaging, ingredient costs, and labor processing** for farmers creating finished products. COGS is sometimes called **Variable Costs** because these expenses increase somewhat proportionally as production volume grows.



On a farm, accurately defining COGS can be tricky, as it's often difficult to separate costs that are directly or indirectly related to production. For example, a worker who divides their time between working in the field, managing social media (like Instagram), and attending the farmers' market each week or electricity powering both the greenhouse and office can complicate the tracking of production-related expenses. Parsing out these expenses and splitting them between COGS and Operating Expenses might be timely with minimal benefit. The rule of thumb is that if an expense contains both costs directly and indirectly related to production, they are listed under Operating Expenses instead of COGS.

In our P&L example, Bright Roots Farm chose to list all production labor under Operating Expenses because employees work in the field, in the kitchen, and in the office and as of yet they don't track how many hours are spent on each separate activity.

To simplify, some businesses choose to include only the cost of **resale items** in their COGS. This includes produce or finished products purchased from another farm to resell directly, such as purchasing add on items to include in your CSA boxes, as well as swag like t-shirts and hats.

Whichever path you choose, we do recommend that if you are creating a value-added product, you include material costs (packaging and labelling), processing labor cost, and additional ingredient costs under COGS in your P&L. These costs are typically easy to track apart from Operating Expenses and doing so will make it easier for you to assess whether your value-added product is truly contributing to or hindering your profitability.

Depending on how you categorize expenses on your P&L it might not be the most accurate tool in helping you understand the full cost of growing or making your products. For additional help calculating your COGS, see the resources page of this guide.

## Operating Expenses

Operating Expenses are the costs related to running your farm that cannot be directly attributed to growing or processing a specific product. These expenses are part of your day-to-day operations and help keep your farm running smoothly. Common categories of OpEx found on a P&L statement include:

- Rent or mortgage payments on land
- Utilities
- Office supplies
- Salaries and wages
- Insurance
- Marketing expenses
- Sales expenses

Operating expenses often make up the longest list of categories on a P&L statement.

**Q. *Can't my land payment be considered a Cost of Goods Sold (COGS), since it's directly related to growing crops?***

While it's possible to consider land costs as part of COGS, we include it in Operating Expenses because land payments typically don't increase directly with production volume. For example, you could raise more cows on the same piece of land before needing to lease additional land, so the cost doesn't scale directly with production.

**Q. *What about utilities? Could they be part of COGS because they directly support dehydrating the chiles I sell as dried chiles?***

Utilities could be part of COGS, but are usually classified as Operating Expenses since they often serve both production and non-production purposes. If separating an expense is time-consuming, classify them as Operating Expenses. Whatever you decide, consistency is key for accurate year-over-year P&L comparisons, so try to categorize expenses the same year-after-year.

### A Note on Other Cost Terminology

COGS are often referred to as Variable or Direct Costs because they are directly related to and change relative to production volume while Operating Expenses are called Fixed or Indirect Costs because they are indirectly related to and remain consistent relative to production volume. When applied to small farming operations, these labels can sometimes lead to confusion because there are very few costs that are truly divorced from production volumes, but keep them in mind as you may come across them in other business trainings.

## Profit

Profit is the money your farm earns after covering the costs of producing and selling your goods and services. There are **three main types of profit** you'll see on a **P&L** statement: **Gross Profit, Operating Profit, and Net Profit.**

## Gross Profit

Gross profit is the income left **after deducting the direct costs** of growing or processing your products (aka your COGS) and delivering your services. If **gross profit is positive**, you're earning more than it costs to produce your goods and services. If **gross profit is negative**, you're losing money on what you sell—before even covering general expenses.

**Gross Margin** is your gross profit divided by gross income, shown as a percentage.

<b>Bright Roots Farm's Gross Margin</b>	<b>\$317,000</b> Gross Profit	÷	<b>\$380,000</b> Total Income	× 100 =	<b>83.42%</b> Percentage
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An **83.42% Gross Margin** means **16.58%** of Bright Roots Farm's income goes to direct production costs.

That means that 83.42% of their income is retained to cover things like Overhead (OpEx), Owners pay, and equipment or infrastructure investments. The lower your gross margin, the less money you have for those items.

This is a relatively high gross margin for a small farm and shouldn't be your benchmark. Remember, Bright Roots Farm excludes production labor from COGS on their P&L, which impacts the margin. Depending on your setup, a 30–50% gross profit margin can still be perfectly healthy.

## Operating Profit

Operating Profit shows the money left in a business after covering all **regular, day-to-day operating expenses**, but **before** accounting for unusual income, large one-time purchases, and non-operating costs like interest, taxes, depreciation, and amortization.

This number is often used by financial analysts and investors as a key measure of a business' financial health. If your Operating Profit is positive—even if your **net profit** is negative—it suggests that the core operations of your farm are profitable, and with fewer one-time costs, the business would become profitable again in the future.

## Net Profit

Net profit is the money left **after all expenses** are deducted from total income. This is the **bottom line** of your P&L. Net profit illustrates the financial sustainability of your business. Your profit margin is the percentage of your total income that remains as net profit. It's calculated by dividing your Net Profit by your Total Income, then multiplying by 100.

If **net profit is positive**, the business is earning more than it's spending—also known as being "in the black." This means there's money left after expenses to pay owners, build savings, and invest in growth. Funders and grant reviewers often look for positive net profit as a sign of financial health.

If **net profit is negative**, it's spending more than it's earning—also known as being "in the red." Oddly enough it's possible, and somewhat common, for a business to operate with negative net profit. How?

- **Seasonality:** Farms may show losses in winter but make up for it in peak seasons. Therefore, a 6-month P&L for a profitable farm might show a loss.

- **Cash flow from savings, loans, or off-farm income** won't appear on a P&L but can keep operations going.
- **Depreciation** can reduce net income to a loss even if actual cash flow is stable.

These three lines of profit on your P&L indicate different things about your business:

- **Gross Profit** shows if your products and services are priced well.
- **Operating Profit** shows if your core business operations are sustainable.
- **Net Profit** shows if your entire business is financially viable.

### Other Income

Other Income includes money the farm earns **outside of selling products or services**. This can include **grants, subsidies, interest from savings, gains from selling equipment**, or other non-operating income.

These are kept separate on the P&L so you can clearly see (by looking at your Operating Profit) how your core business is performing **without depending on outside support or one-time income sources**.

### Interest, Taxes, Depreciation, and Amortization

These categories are considered non-operating expenses and are listed **below the Operating Profit** on a P&L. **Interest** refers to the cost of borrowing, such as payments on loans or lines of credit. **Taxes** include federal, state, and local income taxes—while other taxes like payroll taxes are included in operating expenses. **Depreciation** accounts for the decreasing value of tangible assets (like equipment or buildings) over time, while **amortization** does the same for intangible assets (like trademarks or patents). These items are separated from Operating Profit to give a clearer picture of a business's core operating performance, without being skewed by financing, tax strategies, or accounting adjustments.

**Note:** These categories are often managed by an **accountant for tax reporting purposes**. If you're using a **P&L to track your farm's financial health**, you don't need to focus too much on these details. What matters more for day-to-day decision-making is your **Operating Profit**, which shows how your core business is performing before these accounting adjustments.

### A Note on Capital Expenses

Capital expenses are **one-time or infrequent costs** related to buying, improving, or maintaining major assets like **land, buildings, equipment, and vehicles**. While these items are used in daily operations, the expenses themselves are **not part of regular, day-to-day spending**. Examples include building a barn, installing a commercial kitchen, buying a tractor or delivery van, paying a large, one-time fee for a license or permit.

P&Ls do not include the full cost of an equipment purchase. Instead the full cost of the purchase goes on another financial document, the Balance Sheet, and the depreciation of the asset (the cost of the item broken down across the

years “of its useful life”) goes on the P&L according to IRS depreciation schedules. Professional accountants and Julia Shanks’ book *The Farmer’s Office*<sup>1</sup> are both great resources to better understand depreciation.

The tracking spreadsheet attached to this guide is meant to track all expenses and so the P&L tab does show capital expenses below the final Net Profit line. We’ve chosen this format so that farmers who are just starting to manage their finances can get a realistic view of the money going out the door—not just operating expenses like feed and seed, but also big-ticket capital expenses like tractors, irrigation systems, or fencing.

## How to Track Income and Expenses

### The Why Behind Tracking

**Tracking your income and expenses—also known as bookkeeping or accounting—is essential for understanding how money flows in and out of your farm business.**

It goes far beyond just figuring out what you owe in taxes. Keeping good records can help you identify which parts of your business are profitable and which aren’t, guiding decisions about what to grow and how much space to allocate to different crops or product lines. It can also reveal why, even during busy sales seasons, you may still struggle to pay down debt. Over time, having accurate financial records allows you to build realistic budgets, set meaningful goals, like buying new equipment or paying yourself more, and make confident predictions about your farm’s future growth.

### Simple System for Tracking Income and Expenses

Attached to this guide is a workbook to help you track your income and expenses and a checklist that you can use to set up the system and keep it current, with a complete list of weekly and monthly tasks. Day-to-day tracking can feel overwhelming, especially during busy seasons, so it’s important to build a consistent routine, just like feeding animals or cleaning equipment.

<sup>1</sup> <https://thefarmersoffice.com/abouttfo-book/>

<sup>2</sup> <https://caff.org/pandl-statements/>

#### TO GET STARTED



##### REVIEW

Review the workbook and workbook videos<sup>2</sup> to familiarize yourself with how to use the system.



##### MAKE DECISIONS

Decide on what expenses you will include under COGS.



##### RECORD

Set aside about 10 minutes a day or 50 minutes a week at a regular time (such as before the crew arrives or the day after market) to open your bank account and record all new transactions.



##### COLLECT RECEIPTS

Give employees a dedicated spot, like a box or folder, to drop receipts. Keep it small so that you are reminded to process them regularly.

## IN EACH TRACKING SESSION



Record the income you have made since your last session. Include all of the ways that income comes into the farm, including income that doesn't go directly through to your bank, like cash sales or payments from apps like Venmo.



Collect and sort receipts into three piles: credit card, debit card, and cash. Only record credit/debit card purchases once they show in your bank account to avoid double counting them. Enter cash expenses directly into the workbook.

Note: If you make \$200 in cash at the farmers' market and spend \$50 of it on seeds, record the full \$200 as income and the \$50 as an expense under COGS. Similarly, if you process \$500 in sales through Square and they take out \$30 in fees, record \$500 as Income and \$30 as an Operating Expense under Merchant Fees. Many third-party payment apps have sales and fee reports that can make this process easier and more accurate.

## What Do We Mean by "Good" Records?

- **Accurate** – All income and expenses are recorded, no matter how small. Complete records give you a true picture of your farm's financial health.
- **Consistent** – Pick a category for each type of expense and stick with it. Whether you put your QuickBooks subscription under Sales & Marketing or General & Administrative doesn't matter—just be consistent. This makes year-over-year comparisons more useful.
- **Just the Right Level of Detail** – Detailed enough to support decision-making and tax prep, but not so specific that bookkeeping becomes overwhelming. Too much granularity can make it harder to see the big picture when reviewing your financials.

## Conclusion

While terms like **Operating Profit**, **Gross Profit**, **Net Profit**, **Capital Expenses**, and **Operating Expenses** might sound like jargon at first, they each tell a specific part of your farm's financial story. This guide has broken down these terms into plain language so you can use your P&L not just as a tax document, but as a tool for insight and decision-making. You've also been introduced to a simple system for tracking income and expenses.

Ultimately, your P&L is a snapshot of your farm's financial health. Learning how to read it and how to maintain the records that build it empowers you to set realistic goals, understand the impact of your pricing and costs, invest wisely, and demonstrate your farm's strength to lenders, grant reviewers, and yourself.

Start small, stay consistent, and remember: this isn't about being perfect. It's about getting just clear enough to make smart, informed decisions for the future of your farm.

## Other Resources

These additional tools and references can help you get started with understanding and managing farm finances. Note that some of these resources may use slightly different expense categories than the workbook attached to this guidebook. While the core concepts are similar, specific terms and groupings may vary. Be mindful of these differences when comparing information across sources.

### **Farm Financial Year-End Checklist: How to Review Your P&L**<sup>3</sup>

Ellen Rawley Creative & Strategy's free checklist and short course on comparing a P&L year over year and turning those insights into a realistic, data-driven budget for the year ahead.

### **CA FarmLink Resiliator Trainings**<sup>4</sup>

A 10-week course that helps farmers build financial skills, business planning tools, and long-term resilience.

### **CA FarmLink Bookkeeping Video Series**<sup>5</sup>

A free ten-part video series on setting up Quickbooks and basic accounting skills for farmers, including how to determine depreciation expenses.

### **The Farmer's Office**<sup>6</sup>

A practical guidebook and set of online courses that teach farmers how to understand finances, manage QuickBooks, and run a profitable farm business. Includes guidance on depreciation and cash vs. accrual accounting.

### **QuickBooks**<sup>7</sup>

A widely used accounting software that helps small businesses—including farms—track income, expenses, invoices, payroll, and financial reports.

### **FarmRaise**<sup>8</sup>

A platform that simplifies farm financial recordkeeping and connects producers to grants and funding opportunities.

### **YouTube Playlist: Understanding Your Profit & Loss Statement**<sup>9</sup>

Center for Land Based Learning's ten-part video series designed to teach small, diversified or beginning farmers how to use QuickBooks for their farm operation's bookkeeping needs.

### **Flower Farming For Profit**<sup>10</sup>

Flower-farmer Lennie Larkin's course, book, and blog digging into the numbers side of flower farming, as well as other topics such as marketing and strategic crop planning.

### **UC ANR How to Determine Your Cost of Production**<sup>11</sup>

A written explanation of how to calculate the full cost of producing a specific crop by calculating variable (direct) and fixed (ownership) costs per acre and harvested yield.

### **COGS for Farmers: What It Is, How to Track It, and Why It Matters**<sup>12</sup>

Ellen Rawley Creative & Strategy's practical resource breaking down how to track and understand COGS for produce, value-added products, and farm events/services.

<sup>3</sup> <https://www.ellenrawley.com/farm-cpg-financial-review>

<sup>4</sup> <https://www.californiafarmlink.org/courses/the-resiliator>

<sup>5</sup> <https://www.californiafarmlink.org/resource-library/video-series-farmers-using-quickbooks-sign-up>

<sup>6</sup> <https://thefarmersoffice.com/>

<sup>7</sup> <https://quickbooks.intuit.com/au/industry/farming-agriculture/>

<sup>8</sup> <https://www.farmraise.com/>

<sup>9</sup> <https://www.youtube.com/playlist?list=PLipS9UPaDvdY6ljuj9-mwBNQWM6rY8Rxp>

<sup>10</sup> <https://www.flowerfarmingforprofit.com/>

<sup>11</sup> <https://ucanr.edu/statewide-program/uc-anr-small-farms-network/how-determine-your-cost-production>

<sup>12</sup> <https://www.ellenrawley.com/farm-cpg-cogs>

## Tracking Income & Expenses Checklist

### Process Setup

- Download the [tracking workbook](#)<sup>13</sup> and familiarize yourself with it by watching the instructional videos.
- Create a place and process for you and employees to deposit physical receipts.
- Communicate this new process to any employees that are recording sales or purchasing items on behalf of the company. Consider creating an SOP with instructions for employees to reference.
- Review the Lexicon tab of the Profit and Loss workbook. Use the Notes column (C) to add any notes that will help you track income and expenses clearly and consistently.
- Set aside 10 minutes daily or 50 minutes weekly.
- Schedule a 1-hour monthly review.

### Weekly Tasks

#### Collect and Sort Receipts

- Empty wallet and gather any receipts turned in by employees.
- Sort receipts into:
  - Charged to credit card.
  - Charged to debit card.
  - Paid with cash.
- Record all receipts that were paid with cash.
- File receipts that you recorded.

#### Bank Review

- Open your bank account(s).
- Verify that any receipts charged to a credit card or debit card that have posted show the same charge as the receipt.
- Record all new income and expenses that have posted to your account in the workbook.
- File receipts that you recorded from your bank review.
- Keep in a folder any receipts that you haven't recorded yet (they haven't posted to your account yet).
- Make a note of the date and last item you recorded on the Dashboard tab of the workbook so you can pick up where you left off next time.

<sup>13</sup><https://caff.org/pandl-statements/>

### **Record Non-Bank Income**

- Record cash sales (e.g., \$200 at farmers' market).

### **Track Third-Party App Sales**

- Run a weekly report from apps like Square or Venmo.
- Record full sales amount as Income.
- Record processing fees (e.g., \$30) as Credit Card & Merchant Processing Fees.

## **Monthly Tasks**

### **Audit Workbook Entries**

- Reconcile your credit card and bank statements by checking that every item on each statement has been entered into your workbook correctly.
- Reconcile any third-party sales apps by checking that every item on each statement has been entered into your workbook correctly.
- If you missed entering a number of expenses, think through why. Is there a shift you can make to this process so it is more accurate in the future? Make sure to communicate any process shifts to other people in the business who are tracking sales or making purchases.
- Review your P&L year-to-date in the OUT: 5 Year P&L tab. If any Operating Expense categories look incorrectly high, check that entries in the IN: Expenses\_COGS & Operating were categorized correctly. Edit as needed.

### **Use Your Numbers to Learn and Strategize**

- How do revenue, expenses, and profit compare to last year?
- How do revenues, expenses, and profit compare to your goals?
- If your revenues or profits are lower than expected, what can you do to increase sales and reduce expenses?
- If your expenses are higher than expected, are there ways you can reduce them or increase your revenues?

