



Walk Through Financial Statements Part 1: Income Statement

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**Food Finance
Institute**



Introductions



Food Animal Concerns Trust (FACT) is a national nonprofit organization that works to ensure that all food-producing animals are raised in a humane & healthy manner, and that everyone will have access to safe & humanely-produced food.

Larissa McKenna

Humane Farming Program Director

Email: lmckenna@foodanimalconcerns.org

Website: foodanimalconcernstrust.org/farmer

FACT's services for livestock and poultry farmers include:

- **Financial training – new!** (*Apply by October 31*)
- **Humane Farming Mentorship Program** (*applications available in late October*)
- **Fund-a-Farmer Grants** (*applications available in mid-November*)
- **Conference scholarships** (ongoing)
- **Customized handouts** (ongoing)
- **Free webinars** (ongoing)

Who We Are

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Farm
Like a
Girl

In a nutshell, the Income Statement:

- Is one of the big three financial statements (along with balance sheet and cash flow statement)
- Is also called the Profit and Loss Statement (P&L)
- Summarizes revenues and expenses (plus non-cash accrual adjustments)
- Indicates profitability over a certain time period
- Is NOT the same as your Schedule F
- Is different for farms vs. non-farm businesses



Big 3 Financial Statements

- **Balance Sheet** – inventory of *assets* and *liabilities*
 - Indicates *liquidity* and *solvency*
- **Cash Flow Statement** – change in cash position due to *operating, investing, and financing* activities
 - Indicates *repayment capacity*
- **Income Statement** – summary of *revenues* and *expenses* (plus non-cash *accrual adjustments*)
 - Indicates *profitability* of operations



Essential Terminology

- *Revenues* – income from sales of goods and services related to primary operations
- *Expenses* – costs related to operations that generate revenues
- *Profitability* – difference between value of goods produced and the cost of the resources used to produce them
- *Accrual adjustments* – changes in inventory balances that affect revenues or expenses for a period



Cash Basis vs. Accrual Basis

- In *accrual accounting*, revenues and expenses are recognized when they occur
 - Larger firms and publicly traded companies typically use accrual basis accounting
- In *cash basis accounting*, revenues and expenses are recognized when payment changes hands
 - Farm and small businesses typically use cash basis accounting
 - Cash basis accounting provides for inventive tax planning, especially around the end of the year



Getting to Accrual-Adjusted Net Farm Income

Income Adjustments

- Accounts Receivable
- Crops inventory
- Livestock inventories
- Other inventory

Expense Adjustments

- Accounts payable
- Farm taxes due
- Prepaid expenses
- Investment in crops growing
- Purchased feed on hand
- Supplies on hand

Interest Adjustments

- Interest accrued
- Interest paid

Income Statement Template

- Thanks to staff with Ag Decision Maker at Iowa State University Extension and Outreach
- <https://www.extension.iastate.edu/agdm/wholefarm/xls/c3-56comprfinstatements.xlsx>

SCHEDULE F
(Form 1040)

Profit or Loss From Farming

Department of the Treasury
Internal Revenue Service (99)

► Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041
► Go to www.irs.gov/ScheduleF for instructions and the latest

Name of proprietor

A Principal crop or activity

B Enter code from Part IV

C Account type
 Cash

E Did you "materially participate" in the operation of this business during 2020? If "No," see instructions.

F Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions.

G If "Yes," did you or will you file required Form(s) 1099?

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Part II.)

1a Sales of livestock and other resale items (see instructions)

b Cost or other basis of livestock or other items reported on line 1a

c Subtract line 1b from line 1a

2 Sales of livestock, produce, grains, and other products you raised

3a Cooperative distributions (Form(s) 1099-PATR)

3b Tax

Income		Beginning	Ending
Cash Income (number in () matches IRS Sched. F)	Income Adjustments		
Sales of livestock bought for resale (1a)	Hedging accounts balance (Sched. A)	\$0	\$0
Sales of market livestock, crops, etc. (2)	Crops held for sale or feed (Sched. B)	\$0	\$0
Cooperative distributions paid (3a)	Market livestock (Sched. F)	\$0	\$0
Agricultural program payments (4a)	Accounts receivable (Sched. H)	\$0	\$0
Crop insurance proceeds (6a)	Other current assets	\$0	\$0
Custom hire income (7)	Unpaid cooperative distributions (Sched. I)	\$0	\$0
Other income (cash only) (8)	Breeding livestock (Sched. K)	\$0	\$0
Sales of breeding livestock	Subtotal of income adjustments	\$0	\$0
Withdrawals from hedging accounts	(b) Net adjustment (ending - beginning)	\$0	\$0
(a) Total Cash Income	(c) Gross Farm Revenue (a + b)	\$0	\$0

Expenses		Beginning	Ending
Cash Expenses (number in () matches IRS Sched. F)	Expense Adjustments (paid in advance)		
Car, truck expenses (10)	Investment in annual growing crops (Sched. C)	\$0	\$0
Chemicals (11)	Commercial feed on hand (Sched. D)	\$0	\$0
Conservation expenses (12)	Prepaid expenses (Sched. E)	\$0	\$0
Custom hire (13)	Supplies on hand (Sched. G)	\$0	\$0
Employee benefits (15)	Subtotal adjustments (exp. paid in advance)	\$0	\$0
Feed purchased (16)	(e) Net adjustment (beginning - ending)	\$0	\$0
Fertilizer, lime (17)	Expense Adjustments (due)	Beginning	Ending
Freight, trucking (18)	Farm accounts payable (Sched. P)	\$0	\$0
Gasoline, fuel, oil (19)	Farm taxes due (Sched. Q)	\$0	\$0
Insurance (20)	Subtotal adjustments (expenses due)	\$0	\$0
Labor hired (22)	(f) Net adjustment (ending - beginning)	\$0	\$0
Pension, profit-share plans (23)	(g) Depreciation (Sched. J + L + M)	\$0	\$0
Rent, lease payments (24a + 24b)	(h) Total Operating Expenses (d + e + f + g)	\$0	\$0
Repairs, maintenance (25)	(excluding interest)		
Seeds, plants (26)	(i) Net Farm Income from Operations (c - h)	\$0	\$0
Storage, warehousing (27)	Interest Adjustments	Beginning	Ending
Supplies purchased (28)	Accrued interest (Sched. R + S)	\$0	\$0
Taxes (farm) (29)	Interest, total paid (IRS Sched. F line 21a + 21 b)		
Utilities (30)	(j) Net interest expense	\$0	\$0
Vet. fees, medicine, breeding (31)	(cash interest paid - beginning + ending)		
Other expenses (cash only) (32 total)	Total Farm Expenses (h + j)	\$0	\$0
Livestock purchased	(k) Sales of farmland (Sched. N)	\$0	\$0
Deposits to hedging accounts	(l) Cost value of farmland sold (Sched. N)	\$0	\$0
(d) Total Cash Expenses	(m) Capital gains or losses (k - l)	\$0	\$0
	(n) Net Farm Income (accrual) (i - j + m)	\$0	\$0
Net Farm Income (cash) (a - d)	Value of Farm Production	\$0	\$0
	(c minus feed and livestock purchases)		

Gross Cash Farm Income

Cash Income (number in () matches IRS Sched. F)	
Sales of livestock bought for resale (1a)	\$25,499
Sales of market livestock, crops, etc. (2)	\$48,716
Cooperative distributions paid (3a)	
Agricultural program payments (4a)	
Crop insurance proceeds (6a)	
Custom hire income (7)	
Other income (cash only) (8)	\$5,000
Sales of breeding livestock	
Withdrawals from hedging accounts	
(a) Total Cash Income	\$79,215

Part I Farm Income – Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)

1 a	Sales of livestock and other resale items (see instructions)	1a	25,499.		
b	Cost or other basis of livestock or other items reported on line 1a.....	1b	14,066.		
c	Subtract line 1b from line 1a.....	1c		11,433.	
2	Sales of livestock, produce, grains, and other products you raised.....	2		48,716.	
3 a	Cooperative distributions (Form(s) 1099-PATR) ...	3a		3b Taxable amount.....	3b
4 a	Agricultural program payments (see instructions).....	4a		4b Taxable amount.....	4b
5 a	Commodity Credit Corporation (CCC) loans reported under election.....	5a			5a
b	CCC loans forfeited.....	5b		5c Taxable amount.....	5c
6	Crop insurance proceeds and federal crop disaster payments (see instructions):				
a	Amount received in 2020.....	6a		6b Taxable amount.....	6b
c	If election to defer to 2021 is attached, check here.... <input type="checkbox"/>	6d		6d Amount deferred from 2019....	6d
7	Custom hire (machine work) income.....	7			7
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions).....	8		5,000.	
9	Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.....	9		65,149.	

Gross Cash Farm Expenses

Part II Farm Expenses — Cash and Accrual Method. Do not include personal or living expenses. See instructions.			
10	Car and truck expenses (see instructions). Also attach Form 4562.	10	8,282.
11	Chemicals.	11	
12	Conservation expenses (see instructions).	12	
13	Custom hire (machine work).	13	1,451.
14	Depreciation and section 179 expense (see instructions).	14	6,625.
15	Employee benefit programs other than on line 23.	15	
16	Feed.	16	7,816.
17	Fertilizers and lime.	17	
18	Freight and trucking.	18	1,475.
19	Gasoline, fuel, and oil.	19	241.
20	Insurance (other than health).	20	1,593.
21	Interest (see instructions):		
	a Mortgage (paid to banks, etc.)	21a	1,617.
	b Other.	21b	983.
22	Labor hired (less employment credits).	22	205.
23	Pension and profit-sharing plans.	23	
24	Rent or lease (see instructions):		
	a Vehicles, machinery, equipment.	24a	
	b Other (land, animals, etc.)	24b	
25	Repairs and maintenance.	25	5,321.
26	Seeds and plants.	26	
27	Storage and warehousing.	27	
28	Supplies.	28	9,014.
29	Taxes.	29	1,520.
30	Utilities.	30	1,352.
31	Veterinary, breeding, and medicine.	31	157.
32	Other expenses (specify):		
	a Business Use Of Home	32a	1,500.
	b DUES & SUBSCRIPTIONS	32b	161.
	c LICENSE & PERMITS	32c	301.
	d PROFESSIONAL FEES	32d	549.
	e WEBSITE FEES	32e	456.
	f	32f	
33	Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions.	33	50,619.
34	Net farm profit or (loss). Subtract line 33 from line 9.	34	14,530.

Cash Expenses (number in () matches IRS Sched. F)

Car, truck expenses (10)	\$8,282
Chemicals (11)	
Conservation expenses (12)	
Custom hire (13)	\$1,451
Employee benefits (15)	
Feed purchased (16)	\$7,816
Fertilizer, lime (17)	
Freight, trucking (18)	\$1,475
Gasoline, fuel, oil (19)	\$241
Insurance (20)	\$1,593
Labor hired (22)	\$205
Pension, profit-share plans (23)	
Rent, lease payments (24a + 24b)	
Repairs, maintenance (25)	\$5,321
Seeds, plants (26)	
Storage, warehousing (27)	
Supplies purchased (28)	\$9,014
Taxes (farm) (29)	\$1,520
Utilities (30)	\$1,352
Vet. fees, medicine, breeding (31)	
Other expenses (cash only) (32 total)	\$2,967
Livestock purchased	\$14,066
Deposits to hedging accounts	
(d) Total Cash Expenses	\$55,303

Net Farm Income (cash) (a - d)

\$23,912

Accrual Adjustments to Income

Cash Income (number in () matches IRS Sched. F)		Income Adjustments		Beginning	Ending
Sales of livestock bought for resale (1a)	\$25,499	Hedging accounts balance (Sched. A)		\$0	\$0
Sales of market livestock, crops, etc. (2)	\$48,716	Crops held for sale or feed (Sched. B)		\$0	\$0
Cooperative distributions paid (3a)		Market livestock (Sched. F)		\$0	\$0
Agricultural program payments (4a)		Accounts receivable (Sched. H)		\$105	\$210
Crop insurance proceeds (6a)		Other current assets		\$0	\$0
Custom hire income (7)		Unpaid cooperative distributions (Sched. I)		\$0	\$0
Other income (cash only) (8)	\$5,000	Breeding livestock (Sched. K)		\$660	\$660
Sales of breeding livestock		Subtotal of income adjustments		\$765	\$870
Withdrawals from hedging accounts		(b) Net adjustment (ending - beginning)			\$105
(a) Total Cash Income	\$79,215	(c) Gross Farm Revenue (a + b)			\$79,320

Accrual Ac

Cash Expenses (number in () matches IRS Sched. F)	
Car, truck expenses (10)	\$8,282
Chemicals (11)	
Conservation expenses (12)	
Custom hire (13)	\$1,451
Employee benefits (15)	
Feed purchased (16)	\$7,816
Fertilizer, lime (17)	
Freight, trucking (18)	\$1,475
Gasoline, fuel, oil (19)	\$241
Insurance (20)	\$1,593
Labor hired (22)	\$205
Pension, profit-share plans (23)	
Rent, lease payments (24a + 24b)	
Repairs, maintenance (25)	\$5,321
Seeds, plants (26)	
Storage, warehousing (27)	
Supplies purchased (28)	\$9,014
Taxes (farm) (29)	\$1,520
Utilities (30)	\$1,352
Vet. fees, medicine, breeding (31)	
Other expenses (cash only) (32 total)	\$2,967
Livestock purchased	\$14,066
Deposits to hedging accounts	
(d) Total Cash Expenses	\$55,303
Net Farm Income (cash) (a - d)	\$23,912

Expense Adjustments (paid in advance)	Beginning	Ending
Investment in annual growing crops (Sched. C)	\$0	\$0
Commercial feed on hand (Sched. D)	\$550	\$1,300
Prepaid expenses (Sched. E)	\$0	\$0
Supplies on hand (Sched. G)	\$300	\$720
Subtotal adjustments (exp. paid in advance)	\$850	\$2,020
(e) Net adjustment (beginning - ending)		(\$1,170)
Expense Adjustments (due)	Beginning	Ending
Farm accounts payable (Sched. P)	\$0	\$1,050
Farm taxes due (Sched. Q)	\$0	\$0
Subtotal adjustments (expenses due)	\$0	\$1,050
(f) Net adjustment (ending - beginning)		\$1,050
(g) Depreciation (Sched. J + L + M)		\$6,625
(h) Total Operating Expenses (d + e + f + g) (excluding interest)		\$61,808
(i) Net Farm Income from Operations (c - h)		\$17,512
Interest Adjustments	Beginning	Ending
Accrued interest (Sched. R + S)	\$0	\$0
Interest, total paid (IRS Sched. F line 21a + 21 b)		\$2,600
(j) Net interest expense (cash interest paid - beginning + ending)		\$2,600
Total Farm Expenses (h + j)		\$64,408
(k) Sales of farmland (Sched. N)		\$0
(l) Cost value of farmland sold (Sched. N)		\$0
(m) Capital gains or losses (k - l)		\$0
(n) Net Farm Income (accrual) (i - j + m)		\$14,912
Value of Farm Production (c minus feed and livestock purchases)		\$57,438



Food Finance
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Farm Profit Analysis



Production Enterprise Analysis	Beef Cow/Calf	Beef Finishing	Total Beef Operation	Lamb	Pork	Broilers (Meat Chickens)	Turkeys	Eggs	Crops Sold	Buy & Resell	Total	% of Total Sales
Sales by Channel												
CSA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Farmers Market	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Wholesale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Internet	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Other Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Total Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Expenses												
Cash Production Expense/Cost of Goods	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Depreciation Production Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Owner Labor Production Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	0%
Total Production Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Gross Profit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Gross Profit as % of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0%
Allocation of Sales, Mktg & Admin			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Net Profit			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Net Profit %			0%	0%	0%	0%	0%	0%	0%	0%		
Value of Change in Animal Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Non-Meat Livestock Product Enterprises												
Non-Meat livestock Product Sales			\$0	\$0	\$0						\$0	0%
Non-Meat Livestock Product Expenses			\$0	\$0	\$0						\$0	0%
Profit Contribution: Non-Meat Products			\$0	\$0	\$0						\$0	0%

Consider an accounting software suite

- Essential to correctly set up Chart of Accounts
 - Income
 - Expenses
 - Assets
 - Liabilities
 - Equity



**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1541-

2020
Attachment
Sequence No

Department of the Treasury
Internal Revenue Service (99)

▶ Go to www.irs.gov/ScheduleC for instructions and the latest information.

▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor		Social security number (SSN)	
A Principal business or profession, including product or service (see instructions)	B Enter code from instruction		
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN) (a)		
E Business address (including suite or room no.) City, town or post office, state, and ZIP code			
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶			
G Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses <input type="checkbox"/> Yes			
H If you started or acquired this business during 2020, check here <input type="checkbox"/>			
I Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes			
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes			

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1
2 Returns and allowances	2
3 Subtract line 2 from line 1	3
4 Cost of goods sold (from line 42)	4
5 Gross profit. Subtract line 4 from line 3	5
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6
7 Gross income. Add lines 5 and 6	7

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8	18 Office expense (see instructions)	18
9 Car and truck expenses (see instructions)	9	19 Pension and profit-sharing plans	19
10 Commissions and fees	10	20 Rent or lease (see instructions):	
11 Contract labor (see instructions)	11	a Vehicles, machinery, and equipment	20a
12 Depletion	12	b Other business property	20b
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21 Repairs and maintenance	21
14 Employee benefit programs (other than on line 19)	14	22 Supplies (not included in Part III)	22
15 Insurance (other than health)	15	23 Taxes and licenses	23
16 Interest (see instructions):		24 Travel and meals:	
a Mortgage (paid to banks, etc.)	16a	a Travel	24a
b Other	16b	b Deductible meals (see instructions)	24b
17 Legal and professional services	17	25 Utilities	25
28 Total expenses before expenses for business use of home. Add lines 8 through 27a	28	26 Wages (less employment credits)	26
29 Tentative profit or (loss). Subtract line 28 from line 7	29	27a Other expenses (from line 48)	27a
		b Reserved for future use	27b

**SCHEDULE F
(Form 1040)**

Profit or Loss From Farming

OMB No. 1545-0074

2020
Attachment
Sequence No. **14**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.

▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.

Name of proprietor		Social security number (SSN)	
A Principal crop or activity	B Enter code from Part IV	C Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN) (see instr.)
E Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on passive losses <input type="checkbox"/> Yes <input type="checkbox"/> No			
F Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No			
G If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No			

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method, complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions)	1a		
b Cost or other basis of livestock or other items reported on line 1a	1b		
c Subtract line 1b from line 1a			1c
2 Sales of livestock, produce, grains, and other products you raised			2
3a Cooperative distributions (Form(s) 1099-PATR)	3a	3b Taxable amount	3b
4a Agricultural program payments (see instructions)	4a	4b Taxable amount	4b
5a Commodity Credit Corporation (CCC) loans reported under election			5a
b CCC loans forfeited	5b	5c Taxable amount	5c
6 Crop insurance proceeds and federal crop disaster payments (see instructions):			
a Amount received in 2020	6a	6b Taxable amount	6b
c If election to defer to 2021 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2019	6d
7 Custom hire (machine work) income			7
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)			8
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions			9

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10 Car and truck expenses (see instructions). Also attach Form 4562	10	23 Pension and profit-sharing plans	23
11 Chemicals	11	24 Rent or lease (see instructions):	
12 Conservation expenses (see instructions)	12	a Vehicles, machinery, equipment	24a
13 Custom hire (machine work)	13	b Other (land, animals, etc.)	24b
14 Depreciation and section 179 expense (see instructions)	14	25 Repairs and maintenance	25
15 Employee benefit programs other than on line 23	15	26 Seeds and plants	26
16 Feed	16	27 Storage and warehousing	27
17 Fertilizers and lime	17	28 Supplies	28
18 Freight and trucking	18	29 Taxes	29
19 Gasoline, fuel, and oil	19	30 Utilities	30
20 Insurance (other than health)	20	31 Veterinary, breeding, and medicine	31
21 Interest (see instructions):		32 Other expenses (specify):	
a Mortgage (paid to banks, etc.)	21a	a _____	32a
b Other	21b	b _____	32b
22 Labor hired (less employment credits)	22	c _____	32c
33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions	33	d _____	32d
34 Net farm profit or (loss). Subtract line 33 from line 9	34	e _____	32e
		f _____	32f



Income Statement for Non-Farm Business

Revenue		
Gross Sales		
Less: Sales Returns and Allowances		
Net Sales		0

Cost of Goods Sold		
Beginning Inventory		
Add:		
Purchases		
Direct Labor		
Materials and supplies		
Other costs		
Inventory Available	0	
Less: Ending Inventory		
Cost of Goods Sold		0
Gross Profit (Loss)		0

Expenses		
Advertising		
Car and truck expenses		
Commissions and fees		
Contract labor		
Depletion		
Employee Benefit Programs		
Insurance		
Legal and professional services		
Employee Benefit Programs		
Insurance		
Interest		
Legal and Professional Fees		
Office expenses		
Pension and profit-sharing		
Rent or lease		
Repairs and Maintenance		
Supplies		
Taxes and licenses		
Travel and meals		
Utilities		
Wages		
Other		
Total Expenses		0
Net Operating Income		0

Other Income		
Gain (Loss) on Sale of Assets		
Interest Income		
Total Other Income		0
Net Income (Loss)		0

In a nutshell, the Income Statement:

- Is one of the big three financial statements (along with balance sheet and cash flow statement)
- Is also called the Profit and Loss Statement (P&L)
- Summarizes revenues and expenses (plus non-cash accrual adjustments)
- Indicates profitability over a certain time period
- Is NOT the same as your Schedule F
- Is different for farms vs. non-farm businesses



Thank you! What questions do you have?

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Connect with



Upcoming webinars

- 🐔 **October 19:** Farm Financials Part 2 - Understanding Balance Sheets
- 🐔 **October 26:** Cultivating Your Customers – The Secret to Higher Profits
- 🐔 **November 2:** Intro to Raising Heritage Breed Poultry
- 🐔 **November 16:** The Art of Email: Farm Newsletters

>>> *Plus many more in November and December*

Grants, Scholarships, Training, Mentorship & More!

- 🐔 **Financial training** – *Applications available – apply by October 31!*
- 🐔 **Humane Farming Mentorship Program** – *applications in October*
- 🐔 **Fund-a-Farmer Grants** – *applications open in mid-November*
- 🐔 **Scholarships** – *ongoing*

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