

My Art Business (A Sole Proprietorship)

Income Statement

For The Period January 1, 2009 to December 31, 2009

Sales (Revenue)

Original Art	\$30,500.00	57.7%
Limited Edition Prints	\$20,000.00	37.8%
Frames	<u>\$2,400.00</u>	4.5%
Total Revenue	\$52,900.00	100.0%

Cost of sales

Canvas - Original Art	\$1,000.00	8.6%
Paint & Supplies - Original Art	\$1,250.00	10.7%
Print Reproduction Services - Limited Edition Prints	\$1,000.00	8.6%
Frames & Framing Supplies - Original Art	\$1,200.00	10.3%
Studio Assistants Salaries (1)	\$6,000.00	51.5%
Payroll Taxes - Studio Assistants (1)	<u>\$1,200.00</u>	10.3%
Total Cost of Sales	\$11,650.00	100.0%

Gross profit **\$41,250.00** 78.0% - Gross Profit Margin

General, Selling and Administrative Expenses

Advertising	\$1,200.00
Studio Rent	\$1,200.00
Studio Utilities	\$600.00
Phone & Internet Service	\$1,200.00
Office Supplies	\$300.00
Travel & Entertainment	\$400.00
Insurance	\$500.00
Dues & Subscriptions	\$300.00
Interest Expense	\$250.00
Depreciation on Equipment (2)	<u>\$200.00</u>
Total operating expenses	\$6,150.00

Net Income before Income Tax **\$35,100.00** 66.4% - Net Profit Margin

Income Tax **\$4,000.00**

Net Income After Taxes **\$31,100.00**

Notes To Income Statement: (1) - Approximately 50% of the studio assistant's time was devoted to producing limited edition prints, 30% on general assistance and 20% on framing; (2) Depreciation expense was for a copy machine purchased 1/1/2009 for \$1000 and depreciated over a five year period.