**AREC 213**

**Fall 2014**

**Profit/Loss Definitions**

**Sales**

The amount that you have collected for the goods and services you have provided. This can also be called revenue.

**Costs of Goods Sold**

The cost of buying raw materials and producing finished goods or products.

**Gross Profit**

The difference between sales and costs of goods sold. This can also be called gross margin.

**Operating Expenses**

Expenses you incur while running your business.

**Total Expenses**

Add all your operating expenses and write the total here.

**Net Profit Before Tax**

The difference between your gross profit and operating expenses (net profit) before paying federal, state and local income taxes.

**Income Taxes**

The annual tax that Federal, state and local governments collect on your income.

**Owner Draw/Dividends**

A payment to investors or owners taken from your net profit after tax. Dividends can take the form of cash, property, or stock.

**Adjusted To Retained**

Your remaining profit.