

How to complete a Profit & Loss Statement in Florida

Itemized P&L; (income statement) with revenue, COGS, operating expenses and net income calculation.

What this form is for

Banks require a Profit & Loss Statement to evaluate your business's revenue generation and expense management over a specific period, typically the past 12 months or quarter-by-quarter for three years. This form demonstrates whether your business operates profitably and can generate sufficient cash flow to service debt.

Before you start

- Sales records, invoices, and revenue reports showing all income streams for the reporting period
- Cost of Goods Sold documentation including inventory purchases, materials, direct labor, and shipping costs
- Operating expense receipts covering rent, utilities, insurance, salaries, marketing, professional fees, and equipment
- Bank statements and accounting software reports (QuickBooks, Xero, or similar) for the same timeframe
- Prior year P&L statements if applying for refinancing or expansion capital

Step-by-step

1. Enter your business legal name, reporting period dates, and whether figures represent cash or accrual accounting method at the top of the form.
2. List all revenue sources in the income section, breaking out product sales, service fees, and other income as separate line items, then calculate total revenue.
3. Itemize Cost of Goods Sold including raw materials, inventory purchases, direct labor tied to production, and freight, then subtract this COGS total from total revenue to show your gross profit.
4. Break out operating expenses into clear categories: payroll and benefits, rent or mortgage, utilities, insurance (Florida businesses should note higher property and liability insurance costs), marketing, vehicle expenses, supplies, professional fees, depreciation, and miscellaneous.
5. Total all operating expenses, then subtract from gross profit to calculate operating income.
6. Add any non-operating income such as interest earned or investment gains, and subtract non-operating expenses like interest paid on loans.
7. Calculate net income before taxes by combining operating income with non-operating items.

8. Apply applicable taxes (Florida has no state income tax but federal taxes still apply for corporations and certain entities) to reach final net income.
9. Review all line-item calculations and verify totals flow correctly from revenue through net income.
10. Sign and date the statement, noting whether figures are unaudited, reviewed, or audited by a CPA.

What lenders look for

- Banks scrutinize your gross profit margin and operating expense ratio; consistent negative net income or margins below industry benchmarks raise red flags about business viability and repayment capacity.
- Avoid lumping expenses into vague categories like "miscellaneous" or "other" exceeding 5% of total expenses; lenders want transparency and may request receipts for unclear items.
- Multi-year P&L trends matter more than single snapshots; show quarter-over-quarter or year-over-year growth in revenue and improving profit margins whenever possible.