

# How to complete a Profit & Loss Statement in Illinois

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

## What this form is for

Banks and SBA lenders require a Profit & Loss Statement to assess your business's financial performance over a specific period, typically monthly, quarterly, or annually. This document proves your business generates revenue, controls costs, and produces net income sufficient to service debt.

## Before you start

- Sales invoices, receipts, and revenue records for the reporting period
- Cost of Goods Sold documentation including inventory purchases, direct labor, and materials
- Operating expense records such as rent, utilities, payroll, insurance, marketing, and professional fees
- Prior year P&L statements if applying for renewal or expansion financing
- Illinois state tax filings and quarterly estimated tax payment records to verify reported income

## Step-by-step

1. Enter your business legal name, reporting period dates, and preparation date at the top of the statement.
2. List all Revenue line items including product sales, service income, and other income streams. Total these to calculate Gross Revenue.
3. Itemize Cost of Goods Sold including raw materials, wholesale inventory purchases, direct labor tied to production, and shipping costs. Subtract total COGS from Gross Revenue to determine Gross Profit.
4. Break down Operating Expenses into clear categories: payroll and benefits, rent or mortgage, utilities, insurance, marketing and advertising, professional fees, office supplies, vehicle expenses, and depreciation. Illinois businesses should separate state-specific costs like Illinois Department of Revenue compliance fees if material.
5. Calculate Total Operating Expenses by summing all expense line items. Most lender-ready templates will auto-calculate this if using spreadsheet software.
6. Subtract Total Operating Expenses from Gross Profit to arrive at Operating Income.
7. Add Other Income such as interest earned or gains on asset sales, then subtract Other Expenses like interest paid on existing loans or one-time losses.
8. Calculate Net Income Before Taxes, then note Illinois corporate income tax or pass-through entity tax if applicable. Show final Net Income After Taxes at the bottom line.
9. Review all totals for arithmetic accuracy. Each subtotal should flow logically to the next calculation.

## What lenders look for

- Underwriters compare your profit margins (Gross Profit divided by Revenue and Net Income divided by Revenue) against industry benchmarks, so consistent or improving margins strengthen your application. Sudden drops in margin percentages raise red flags and require written explanation.
- Avoid common errors like mixing personal and business expenses, omitting recurring costs, or inflating revenue with unearned deposits. Illinois lenders cross-reference your P&L against state tax returns and business bank statements, so discrepancies will delay or kill approval.
- Show at least 12 months of history when possible. Lenders want to see seasonal patterns and year-over-year growth rather than a single snapshot month.