

# How to complete a Profit & Loss Statement in Ohio

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 ability to generate income and manage expenses over a specific period, typically monthly, quarterly, or annually. Lenders use this document to assess profitability trends, operational efficiency, and your capacity to service debt.

## Before you start

- Sales records including all revenue streams, invoices, and receipts for the reporting period
- Cost of Goods Sold documentation such as inventory purchases, materials, direct labor, and freight costs
- Operating expense records covering rent, utilities, insurance, payroll, marketing, professional fees, and office supplies
- Prior period P&L statements if available for comparison and consistency checking
- Chart of accounts from your accounting system to ensure proper expense categorization

## Step-by-step

1. Enter your business legal name, reporting period dates, and preparation date at the top of the form. Be precise with the date range since banks compare performance across consistent timeframes.
2. List all revenue sources in the income section. Break down by product lines or service categories if you have multiple streams. Total all revenue to show gross sales or gross receipts.
3. Calculate Cost of Goods Sold by itemizing direct costs tied to producing your products or delivering services. Include raw materials, inventory purchases, direct labor, and shipping. Subtract total COGS from gross revenue to determine gross profit.
4. Itemize operating expenses by category. Separate fixed costs like rent and insurance from variable costs like marketing and supplies. Ohio businesses should verify that state-specific items like Commercial Activity Tax obligations are properly categorized.
5. Subtotal all operating expenses. The form should automatically calculate operating income by subtracting total operating expenses from gross profit.
6. Add other income and expenses below the operating section. Include interest income, interest expense, depreciation, and any non-operating items.
7. Calculate net income before taxes by combining operating income with other income and subtracting other expenses. Ohio does not have special P&L reporting requirements, but ensure accuracy for state tax filing consistency.

8. Review all line-item calculations and verify the final net income figure. Double-check that percentages are calculated correctly if your form includes margin analysis columns.

## What lenders look for

- Banks focus on gross profit margin and operating margin trends, so consistent or improving percentages strengthen your application. Sudden expense spikes or revenue drops require written explanations.
- Common mistakes include mixing personal and business expenses, miscategorizing COGS as operating expenses, and forgetting to reconcile the P&L with your business tax returns. Discrepancies raise red flags.
- Lenders compare your P&L against industry benchmarks, so unusually high expense ratios in any category may trigger additional questions or documentation requests.