



KTC's Basic Chart of Accounts: Seven Parent Categories

1. Income (Sales)
2. Cost of Goods Sold:
 - a. Something you are going to re-sell...
 - i. Seeds, packaging material, direct labor, fertilizer.
 - ii. Stuff you buy to resell...
 - iii. Direct Labor

Gross Profit (\$) vs. *Gross Margin (%)*

This is What is left over to pay all your other expenses.

Expenses

3. Non-Direct Labor (Management, Sales people, Admin)
 - a. Non-Direct Payroll
 - b. Non-Direct Payroll Related (employer taxes, benefits, etc.)
4. General and Administrative (CEO has some discretion on these – not fixed)
 - a. Marketing/Advertising
 - b. Dues
 - c. Postage
 - d. Travel
 - e. Fees
 - f. Phone
5. Operating Expenses: These are expenses that will go up and down as your sales go up and down, but not directly related to any particular saleable item.
 - a. Fuel
 - b. Repairs
 - c. Tools
 - d. Bad Debt
 - e. Utilities
6. Fixed Expenses (If you do \$1 in sales or \$1million in sales these expenses don't change, very much...)
 - a. Rent
 - b. Insurance
 - c. Amortization
 - d. Depreciation
 - e. Interest
7. One-Time (Non-Reoccurring) Expenses (These are expenses you are SURE you won't have the next year... this is for comparison purposes)

Net Income (Profit)