

Bob's Photography, Inc.
Income Statement
For the Period Ending December 31, 2006

Net sales	\$1,200,000
Cost of sale	<u>600,000</u>
Gross profit	600,000
Operating expenses:	
Salaries	150,000
Rent	10,000
Utilities	5,000
Insurance	50,000
Advertising	10,000
Payroll taxes	20,000
Depreciation	<u>5,000</u>
Total operating expenses	250,000
Net operating income	350,000
Other income (expenses):	
Land sale	50,000
Interest income	2,000
Interest expense	<u>(7,000)</u>
Total other income (expenses)	45,000
Net taxable income	395,000
Income tax expense	200,000
Net income	<u>\$ 295,000</u>