FINANCIAL FOUNDATIONS

An Educational Ebook Series for Small Business Owners

BOOK 03

Income Statement Basics

Read your profit and loss statement with confidence.

TLC Business Solutions · Expert Bookkeeping & Accounting Services

SOURCE PAGE 01

Income Statement Basics

EDUCATIONAL SERIES · BOOK 03 OF 16 · FINANCIAL FOUNDATIONS

Income Statement Basics

Understanding your Profit & Loss statement — from revenue and cost of goods sold down to net income, and how it all flows into equity at year-end.

TLC Business Solutions

tlcbusinesssolutions.com · Ukiah, California

Income Statement Basics

CONTENTS

What You'll Learn

Income Statement Basics

HOW TO USE THIS EBOOK

This is the fourth book in TLC Business Solutions' 16-part Financial Foundations series, designed to give small and mid-sized business owners the financial literacy to make confident decisions. Each book stands on its own, but together they build a complete picture of your business finances — from balance sheets to cash flow, budgeting, and tax strategy.

Income Statement Basics

CHAPTER 01

What Is an Income Statement?

If the balance sheet is a photograph of your business on a single day, the income statement is the movie — it plays back everything that happened over a stretch of time and shows whether the story ended in profit or loss.

The income statement — also called the **Profit & Loss statement**, the **P&L**, or the statement of operations — is the single most-watched financial report in any business. It summarizes all the revenue your business earned over a specific period and subtracts all the expenses it incurred to earn that revenue. What remains is your **net income**, the famous "bottom line."

Because it covers a range of time rather than a single moment, the heading on an income statement always names a period — for example, **"For the Year Ended December 31, 2025"** or **"For the Quarter Ended March 31, 2025."** A month, a quarter, or a full year are all common. That timing is what separates it from the balance sheet, which is a snapshot at one instant.

The Simple Formula Behind It All

Strip away every line of detail and every income statement in the world reduces to one relationship:

THE INCOME STATEMENT EQUATION

Revenue − Expenses = Net Income

Money in minus money out, for a defined window of time.

The remaining chapters unpack each piece of that equation, because in practice "revenue" and "expenses" each split into several important categories. Those categories isolate different layers of profitability — and each one tells you something a single number never could.

Income Statement Basics

Why Owners Watch It Closely

Different audiences read the income statement for different reasons, but they all want the same answer: is this business actually making money?

Performance
Revenue minus expenses reveals whether your business model works

Trends
Period-over-period comparisons show growth, stagnation, or decline

Decisions
Pricing, hiring, and cost cuts all draw evidence from the P&L

A POINT OF CONTRAST

The balance sheet asks **"what do we own and owe right now?"** The income statement asks **"what did we earn and spend over this period?"** One is a snapshot; the other is a video. Together they tell the complete story — the income statement explains how the balance sheet changed from one date to the next.

Because net income ultimately flows into your tax return, an accurate income statement also means an accurate tax bill. Lenders, investors, and the IRS all look to this one report to judge profitability — which is why most owners learn to read it first.

Income Statement Basics

CHAPTER 02

Revenue, Cost of Goods Sold & Gross Profit

The top of the income statement is where the story begins — the money your customers paid you, minus the direct cost of producing what you sold them. That difference, gross profit, is your first real measure of profitability.

A real income statement is not one calculation but a cascade of several, each isolating a distinct layer of profit. The first three lines — revenue, cost of goods sold, and gross profit — answer the most basic question of all: after paying for what you sold, did anything remain?

Revenue — The Top Line

Revenue (also called sales or the "top line") is the total income your business generated from selling goods or services during the period. It is recorded when earned — when the product is delivered or the service performed — not necessarily when cash changes hands. For most businesses revenue splits into two familiar streams:

Product sales revenue — income from selling physical goods. **Service revenue** — income from providing services to clients. Together they form total revenue, the figure at the very top of the statement that every line below subtracts from.

> **A COMMON POINT OF CONFUSION**
>
> Revenue is recorded when it is earned, not when cash is collected. Under accrual accounting, a sale on credit counts as revenue the moment the product is delivered — even though the cash may not arrive for 30 or 60 days. Cash arriving is a balance-sheet event; earning it is an income-statement event.

Cost of Goods Sold (COGS)

Cost of Goods Sold represents the direct costs of producing or acquiring the goods your business sold during the period. These are costs that move in lockstep with sales — if you sell nothing, you incur none of them. COGS typically includes three components:

Income Statement Basics

COMPONENT	WHAT IT INCLUDES
Direct Materials	The raw materials and components that physically go into the product you sell.
Direct Labor	Wages paid to employees who directly produce the goods — the hands on the assembly line, not the front office.
Manufacturing Overhead	Indirect production costs such as factory rent, utilities, and equipment depreciation tied to the production process.

For a service business with no physical product, the equivalent line is often called **cost of services** — the direct labor and materials consumed in delivering the service. The logic is identical: it captures the cost of whatever you directly expended to generate the revenue.

> **WHY COGS IS SUBTRACTED, NOT EXPENSED BELOW**
>
> COGS sits at the top of the statement, right under revenue, because it is tied directly to what you sold. It is not lumped in with operating expenses, which cover the cost of running the business regardless of sales volume. Keeping COGS separate is what lets you calculate gross profit — the single most important number for understanding your core economics.

Gross Profit — Your First Profitability Layer

Subtract cost of goods sold from revenue and you arrive at **gross profit**. This is the money left over after the direct cost of producing your product or service — before you pay for rent, salaries, marketing, or any of the overhead of simply keeping the doors open.

GROSS PROFIT

Revenue − Cost of Goods Sold = Gross Profit

What remains after the direct cost of what you sold.

Income Statement Basics

Gross profit tells you whether your pricing and production economics make sense. If gross profit is thin or negative, no amount of cost-cutting in overhead will save the business — the core act of making and selling is itself losing money. That is why owners and lenders watch the **gross profit margin** (gross profit divided by revenue) so closely: it measures the efficiency of production.

> **GROSS PROFIT MARGIN IN PLAIN TERMS**
>
> A 40% gross margin means that for every dollar of sales, forty cents survives the cost of the product itself to pay for everything else — overhead, taxes, and, if anything is left, profit. Track this margin over time; a slow decline often signals rising input costs, discounting, or a product mix shifting toward lower-margin goods.

Income Statement Basics

CHAPTER 03

Operating Expenses & Net Income

Gross profit is only the beginning. The next set of costs — the ongoing expense of simply running the business — determines whether that first layer of profit survives all the way to the bottom line.

Once you have gross profit, the income statement keeps subtracting. The next major category is **operating expenses** — all the ongoing costs of keeping the business open, regardless of how much you sold. Then come interest and taxes. What remains after every subtraction is **net income**, the bottom line.

Operating Expenses (OpEx)

Operating expenses are the indirect costs essential to running the business but not directly involved in production. They fall into a few familiar families:

CATEGORY	TYPICAL EXAMPLES
Selling, General & Administrative (SG&A)	Marketing and advertising, office rent and utilities, administrative salaries, general office supplies
Research & Development (R&D)	Costs of developing new products or services and improving existing ones
Depreciation & Amortization	The gradual allocation of a tangible or intangible asset's cost across the years it is used
Insurance	General liability, property, and other business coverage

Unlike COGS, operating expenses do not rise and fall with each sale. You pay rent and administrative salaries whether you sell ten units or ten thousand. That is the key distinction: COGS is variable with production; operating expenses are largely fixed with running the business.

Income Statement Basics

Operating Income

Subtract operating expenses from gross profit and you reach **operating income** — the profit generated by the business's core operations, before the cost of financing or taxes. Many owners consider this the truest measure of how well the business itself is performing, because it strips out interest (a financing decision) and taxes (a legal obligation) and isolates pure operating performance.

OPERATING INCOME

Gross Profit − Operating Expenses = Operating Income

Profit from core operations, before interest and taxes.

Interest and Taxes — The Final Subtractions

Two costs remain before you reach the bottom line. **Interest expense** is the interest paid on loans and other debt — the cost of borrowing, not of operating. **Income tax expense** is the tax owed on the business's taxable income. Both are subtracted from operating income to arrive at the final figure.

Net Income — The Bottom Line

Net income (also called profit, earnings, or net profit) is what remains after every expense — COGS, operating expenses, interest, and taxes — has been subtracted from revenue. A positive net income indicates a profit; a negative one signifies a loss. It is the single most-watched number on the statement, and for good reason: it is the amount the business genuinely earned and kept.

A Complete Sample Income Statement

Here is how all of those pieces fit together on a single statement. This example shows a fictional company, Northgate Goods Co., for the year ended December 31, 2025:

SOURCE PAGE 11

Income Statement Basics

Northgate Goods Co. — Income Statement	For the Year Ended Dec 31, 2025
REVENUE	
Sales Revenue	$100,000
Total Revenue	**$100,000**
LESS: COST OF GOODS SOLD	
Direct Materials & Labor	($40,000)
Gross Profit	**$60,000**
LESS: OPERATING EXPENSES	
Selling Expenses	($15,000)
General & Administrative	($20,000)
Depreciation & Amortization	($5,000)
Total Operating Expenses	**($40,000)**
Operating Income	**$20,000**
Less: Interest Expense	($3,000)
Income Before Taxes	**$17,000**
Less: Income Tax Expense	($4,000)
Net Income	**$13,000**

Read that statement from top to bottom and you can see every layer of profitability: **$100,000** of revenue becomes **$60,000** of gross profit, then **$20,000** of operating income, and finally **$13,000** of net income. Each subtotal answers a different question — about production efficiency, operating discipline, and overall profit — and together they give a far richer picture than a single number ever could.

Income Statement Basics

THE BOTTOM LINE ABOUT THE BOTTOM LINE

Net income is not the same as cash in the bank. A business can show strong net income on the income statement and still run short of cash — because revenue is recognized when earned, not when collected, and many expenses are recorded before they are paid. Profit and cash are different stories, told by different statements. That is the subject of later books in this series.

CHAPTER 04

Permanent vs. Temporary Accounts

Every account in your books falls into one of two camps — and which camp it belongs to determines whether its balance carries into next year or gets wiped to zero. Understanding that distinction is the key to the year-end closing process.

Accountants sort every account in the chart of accounts into two categories. **Permanent accounts** (also called "real" accounts) live on the balance sheet and carry their balances forward from one year to the next. **Temporary accounts** (also called "nominal" accounts) live on the income statement and measure activity for a single period — then they are reset to zero so the new year can start clean.

Side-by-Side Comparison

FEATURE	PERMANENT (REAL) ACCOUNTS	TEMPORARY (NOMINAL) ACCOUNTS
Where they live	On the balance sheet — assets, liabilities, and equity	On the income statement — revenue, expenses, and draws/dividends
What they measure	Cumulative balances at a point in time (a snapshot)	Activity over a period of time (a running tally)
At year-end	Balances **carry forward** to the next year	Balances are **closed to zero** — the slate is wiped clean
Common examples	Cash, accounts receivable, inventory, equipment, loans payable, retained earnings	Sales revenue, rent expense, wages expense, utilities, owner's draws
Why it matters	They preserve the ongoing financial position of the business	They let each period's performance be measured on its own

Income Statement Basics

THE INTUITION BEHIND THE SPLIT

Think of a permanent account as a bucket that holds a running total — the cash you have, the equipment you own, the loan you still owe. It never empties at year-end; it just keeps accumulating. A temporary account is more like a stopwatch that tracks this period's activity. At the end of the period you read the time, record it, and reset the watch to zero so the next period's race starts fresh.

Why Temporary Accounts Reset to Zero

If revenue and expense accounts carried their balances forward year after year, every income statement would show the lifetime total of all sales and all costs — not the activity of the current period. You could never tell how the business performed this year versus last year. Resetting temporary accounts to zero at the start of each period is what makes period-to-period comparison possible. It is also what makes the income statement a "video" of a single stretch of time rather than a lifetime tally.

Owner's Draws and Dividends Are Temporary Too

One point that surprises many owners: the account that tracks money you take out of the business — **owner's draws** in a sole proprietorship or **dividends** in a corporation — is also a temporary account. It is not an expense (taking money out does not reduce profit), but it is closed to zero at year-end, with its balance reducing equity through retained earnings. Like revenue and expenses, it measures activity for the period, not an ongoing balance.

THE ONE EXCEPTION TO REMEMBER

Retained earnings is the bridge between the two worlds. It is a permanent equity account on the balance sheet, yet it is the account that receives the balances of all the temporary accounts at year-end. Profit gets added in; draws and dividends get subtracted. Then the temporary accounts reset to zero, and retained earnings carries the cumulative result forward — forever.

Income Statement Basics

CHAPTER 05

The Closing Process

At the end of every fiscal year, your books go through a deliberate reset called the closing process. Its job is simple and essential: zero out every temporary account and roll the year's profit into equity, so the new year begins with a clean income statement and an updated balance sheet.

Closing is a series of journal entries made after the year's regular bookkeeping is complete and the books have been reconciled. Each entry moves a temporary account's balance into a clearing account and then into retained earnings. When the process is finished, every revenue and expense account reads zero — ready to begin accumulating the new year's activity.

The Four Steps of Year-End Closing

How the Year-End Closing Resets Your Books

1. **Close Revenue to Income Summary**
   Every revenue account — sales, service income, interest income — is closed by debiting it for its full balance and crediting a temporary clearing account called **Income Summary**. After this entry, all revenue accounts read zero.
2. **Close Expenses to Income Summary**
   Every expense account — COGS, rent, wages, utilities — is closed by crediting it for its full balance and debiting **Income Summary**. After this entry, all expense accounts also read zero.
3. **Close Income Summary to Retained Earnings**
   Income Summary now holds the year's net income (or net loss) in a single figure. That balance is closed into **Retained Earnings** — a permanent equity account on the balance sheet. A profit credits retained earnings; a loss debits it. Income Summary itself now reads zero.
4. **Close Draws/Dividends to Retained Earnings**
   Finally, the owner's draws or dividends account — the money taken out during the year — is closed directly to **Retained Earnings**, reducing it. After this entry, the draws account reads zero, and retained earnings holds the complete, updated picture.

Income Statement Basics

What the Books Look Like After Closing

When the four steps are complete, three things are true: every revenue account has a zero balance; every expense account has a zero balance; and the draws or dividends account has a zero balance. The income statement for the new year starts completely empty. Meanwhile, retained earnings on the balance sheet has absorbed the entire result of the old year — profit added, draws subtracted — and carries that cumulative figure forward.

A SIMPLE RETAINED EARNINGS ROLL-FORWARD

After closing, the equity section tells the story in a single roll-forward: beginning retained earnings, plus net income for the year, minus dividends or owner's draws, equals ending retained earnings. That ending figure is what appears on the balance sheet — the permanent record of every profit kept and every dollar taken out, since the day the business began.

Retained Earnings Roll-Forward (After Closing)	Amount
Beginning retained earnings	$45,000
+ Net income for the year (from Income Summary)	$13,000
− Owner's draws / dividends (closed directly)	($8,000)
Ending retained earnings (on the balance sheet)	**$50,000**

WHY CLOSING MATTERS IN PRACTICE

If closing is skipped or done incorrectly, revenue and expense accounts bleed into the next year — and every period's income statement becomes a meaningless mix of old and new activity. A clean close is what makes each year's P&L comparable to the next. At TLC Business Solutions, a correct month-end and year-end close is the foundation of trustworthy financials — and it is exactly what we do for our clients, every period, on a flat rate that never surprises you.

Income Statement Basics

CHAPTER 06

The Income Statement as a Subsidiary of Equity

Here is a perspective that reframes everything in this book: the income statement is not really a standalone report. It is a detailed, period-by-period breakdown of a single account on the balance sheet — equity. Specifically, it explains how retained earnings changed.

Think about what retained earnings actually is: the cumulative profit the business has earned and kept, minus whatever the owners have taken out. It is a permanent equity account that grows with each profitable year and shrinks with each loss or distribution. But a single retained earnings balance on the balance sheet does not tell you **how** it got that way — only where it ended up.

The income statement is the answer to that question. It is, in effect, a **subsidiary ledger** that breaks down this period's piece of the change in retained earnings. Revenue and expenses are the detail; net income is the summary; and that net income is the exact amount added to retained earnings during the closing process.

The P&L as a Subsidiary of Equity

Equity (on the Balance Sheet)
A permanent account that carries forward — including Retained Earnings

DETAILED BY — THE INCOME STATEMENT

↓

Revenue	Expenses	Net Income
Sales, service income, interest earned	COGS, operating costs, interest, taxes	The period's addition to Retained Earnings
TEMPORARY	TEMPORARY	CLOSES TO EQUITY

Income Statement Basics

How Operating Results Flow Into Equity

Once you see the income statement as a subsidiary of equity, the connection between the two statements becomes obvious. Every dollar of profit your business earns during the year flows through retained earnings into equity. Here is the path, step by step:

The Profit Pipeline: Income Statement → Balance Sheet

Net Income
Profit earned during the period (from the income statement)

→

Retained Earnings
Accumulated profits kept in the business

→

Total Equity
The owner's full stake on the balance sheet

At the start of the year, retained earnings carries a beginning balance from all prior years. Over the year, the business generates revenue and incurs expenses; the difference is **net income**. Through the closing process, that net income is added to retained earnings. If the owners take money out — as dividends or draws — those distributions are subtracted. The result is ending retained earnings, which rolls into total equity on the balance sheet.

> **THE LINK THAT TIES IT ALL TOGETHER**
>
> Because net income feeds retained earnings, and retained earnings sits inside equity, every profitable year makes the balance sheet stronger — and every loss makes it weaker. This is why the balance sheet and income statement must be read together: one shows what you earned, the other shows what you built. The income statement is not a separate story; it is the detailed explanation of how one piece of equity moved this period.

Why This View Changes How You Read the Numbers

When you grasp that the income statement is a subsidiary of equity, two practical insights follow. First, **profit is not an end in itself** — it matters because it is the engine that grows equity, which is the owner's true stake in the business. Second, **the two statements can never disagree**: the net income on the income statement must equal the amount added to retained earnings on the balance sheet. If they do not reconcile, something in the books is wrong — and the closing process is where that error would surface.

SOURCE PAGE 19

Income Statement Basics

REAL-WORLD LESSON FROM TLC

This connection is where quiet errors hide — and where experience pays off. Our team once discovered and corrected **$100,000 in overstated expenses and liabilities**, which increased both net income and owner equity in a single fix. When the income statement and equity are

Results from past client engagements. Individual outcomes vary and are not a guarantee of future results.

Income Statement Basics

CHAPTER 07

Key Takeaways

If you remember nothing else from this book, remember these seven ideas. They are the foundation every owner needs to read a P&L with confidence — and to understand how it connects to the rest of the financial picture.

1 **The income statement is a video, not a snapshot.**

It covers a period — a month, quarter, or year — and shows revenue earned minus expenses incurred. The balance sheet shows where you stand on one day; the income statement shows what happened over time. You need both to see the whole picture.

2 **It all reduces to one equation: Revenue − Expenses = Net Income.**

Every line on the statement is a refinement of that single relationship. Revenue minus cost of goods sold gives gross profit; gross profit minus operating expenses gives operating income; subtract interest and taxes and you reach net income — the bottom line.

3 **Gross profit is your first, most honest measure of profitability.**

It tells you whether the core act of making and selling your product makes economic sense. A thin or negative gross margin signals trouble no amount of overhead cost-cutting can fix — the problem is in pricing or production.

4 **Net income is not the same as cash.**

Revenue is recognized when earned, not when collected; many expenses are recorded before they are paid. A business can be profitable on paper and still run short of cash. Profit and cash are different stories, told by different statements.

5 **Permanent accounts carry forward; temporary accounts reset to zero.**

Assets, liabilities, and equity are permanent — their balances roll into the next year. Revenue, expenses, and draws are temporary — they measure one period's activity, then are wiped clean so each year can be measured on its own.

Income Statement Basics

6 **Year-end closing zeroes out temporary accounts and rolls profit into equity.**

The closing process moves every revenue and expense balance into retained earnings, resets the temporary accounts to zero, and leaves the balance sheet with an updated, cumulative equity figure. A clean close is what makes periods comparable.

7 **The income statement is a subsidiary of equity.**

It is the detailed, period-by-period breakdown of how retained earnings changed. Net income on the income statement must equal the amount added to retained earnings on the balance sheet — if the two do not reconcile, something in the books is wrong.

THE BOTTOM LINE

Reading the income statement is reading the story of how your business performed — and how that performance built (or eroded) the owner's stake. Master this one report and you can answer the question every owner asks: am I actually making money, and is that money building something lasting? That clarity is the foundation of every sound business decision.

Income Statement Basics

CHAPTER 08

Glossary of Key Terms

Every income statement speaks the same vocabulary. This glossary defines the terms you will meet on your own statement — in plain English, with no jargon left unexplained.

Refer back here any time a line item is unclear. These definitions are written for owners, not accountants, so you can read your income statement with confidence.

TERM	PLAIN-ENGLISH DEFINITION
Income Statement	The financial report that summarizes revenue and expenses over a period to show net profit or loss. Also called the Profit & Loss statement or P&L.
Revenue	The total income earned from selling goods or services during the period — the "top line." Recorded when earned, not necessarily when cash is collected.
Cost of Goods Sold (COGS)	The direct costs of producing or acquiring the goods sold — direct materials, direct labor, and manufacturing overhead. Tied directly to sales.
Gross Profit	Revenue minus cost of goods sold. The first layer of profitability, showing whether your core production economics work.
Gross Profit Margin	Gross profit divided by revenue, expressed as a percentage. Measures the efficiency of production.
Operating Expenses (OpEx)	The ongoing costs of running the business that are not tied directly to production — rent, salaries, marketing, insurance, depreciation.
Operating Income	Gross profit minus operating expenses. Profit from core operations before interest and taxes.
Interest Expense	The cost of borrowed money — interest paid on loans and other debt. A financing cost, not an operating one.

Income Statement Basics

TERM	PLAIN-ENGLISH DEFINITION
Net Income	The "bottom line": revenue minus all expenses (COGS, operating, interest, and taxes). The amount the business genuinely earned and kept.
Net Profit Margin	Net income divided by revenue, expressed as a percentage. Measures overall profitability after every expense.
Permanent Account	A "real" account on the balance sheet — assets, liabilities, equity — whose balance carries forward from year to year.
Temporary Account	A "nominal" account on the income statement — revenue, expenses, draws — that measures one period's activity and is closed to zero at year-end.
Closing Process	The year-end journal entries that zero out all temporary accounts and transfer their balances into retained earnings.
Income Summary	A temporary clearing account used during closing to hold the net of all revenues and expenses before they are transferred to retained earnings.
Retained Earnings	The cumulative profit the business has earned and kept (minus draws/dividends) since it began. A permanent equity account on the balance sheet.
Owner's Draws / Dividends	Money taken out of the business by the owners. A temporary account, closed to retained earnings at year-end; it reduces equity but is not an expense.
Subsidiary of Equity	The view that the income statement is a detailed breakdown of how retained earnings — an equity account — changed during the period.
Accrual Accounting	The method of recording revenue when earned and expenses when incurred, regardless of when cash changes hands.

KEEP THIS PAGE HANDY

This glossary is the fastest way to decode a line item that is not immediately clear. Pair it with the takeaways in Chapter 07 and you have the working vocabulary to read any income statement — yours or anyone else's — with confidence.

Income Statement Basics

SOURCE PAGE 25

Income Statement Basics

About TLC Business Solutions

Comprehensive financial management for small & mid-sized businesses — based in Ukiah, California.

For over **30 years**, TLC Business Solutions has helped small and mid-sized businesses across the United States remove anxiety and unpredictability from their finances. Led by Senior Accountant **Tena Wallace**, our team does the job right the first time — offering everything from accounting and bookkeeping to payroll, tax services, and strategic financial and business consulting.

We believe business owners deserve financial clarity without the stress of an unpredictable bill. That is why TLC pioneered a **flat-rate billing** model: instead of charging by the hour, we offer predictable, flat-rate solutions. When we are on the phone with a government agency on your behalf, troubleshooting your bookkeeping, or resolving a technical issue, it never costs you a penny more. You get reliable support and a budget you can plan around.

What We Do

$

Accounting & Bookkeeping

T

Tax Consulting

Preparation and e-filing of

P

Payroll Services

Full-service payroll — paying

Results from past client engagements. Individual outcomes vary and are not a guarantee of future results.

F

Financial Consulting

Financial and operational

B

R

Reasonable Compensation

Annual reasonable-

Income Statement Basics

consulting, custom spreadsheet design, and analysis that improve cash flow and profitability.

Business Management Consulting

Creative problem-solving that addresses root causes, streamlines processes, and uncovers hidden revenue and efficiency.

compensation reports for S corporation shareholder-employees to keep you IRS-compliant.

REAL RESULTS — WHY EXPERIENCE MATTERS

Our keen eye for detail has uncovered errors that transformed our clients' financial pictures:

√ Identified **more than $500,000 in assets** that had been inadvertently written off — added them back to the balance sheet and notified the tax accountant.

Results from past client engagements. Individual outcomes vary and are not a guarantee of future results.

√ Uncovered embezzlement, gathered source documents, obtained fraud refunds, and provided records for prosecution.

Location	Ukiah, California 95482
Phone	916.596.0803
Email	tena@tlcbusinesssolutions.com
Web	tlcbusinesssolutions.com
Billing	Flat-rate — never hourly. Predictable support, no surprise invoices.

Build Your Financial Foundations with TLC

TLC Business Solutions helps small business owners strengthen bookkeeping, accounting, payroll, tax consulting, financial management, and practical decision-making systems so the numbers are clean, useful, and ready for growth.

tlcbusinesssolutions.com

https://drive.google.com/drive/folders/1Qpwq3h8cqCLn0JDLNPYmjzHh7-MJrOEZ?usp=sharing

FINANCIAL FOUNDATIONS · BOOK 03 OF 16 · TLC EBOOK SERIES

Disclaimer

This ebook is provided for general educational purposes only and does not constitute professional accounting, tax, legal, or financial advice. Rules and thresholds change over time, and every business situation is different. Consult a qualified professional about your specific circumstances before making financial or tax decisions.