



Good Roots 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 / Depreciation
 - d. Interest
7. **One-Time (Non-Recurring) Expenses** (These are expenses you are SURE you won't have the next year... this is for comparison purposes)

Net Income (Profit)

