**KTC’s Basic Chart of Accounts: Seven Parent Categories**

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

*Gross Profit ($) vs. Gross Margin (%). This is what is left over to pay all your other expenses.*

Expenses

1. Non-Direct Labor (Management, Sales people, Admin)
	1. Non-Direct Payroll
	2. Non-Direct Payroll Related (employer taxes, benefits, etc.)
2. General and Administrative (CEO has some discretion on these – not fixed)
	1. Marketing/Advertising
	2. Dues
	3. Postage
	4. Travel
	5. Fees
	6. Phone
3. 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.
	1. Fuel
	2. Repairs
	3. Tools
	4. Bad Debt
	5. Utilities
4. Fixed Expenses (If you do $1 in sales or $1million in sales these expenses don’t change, very much…)
	1. Rent
	2. Insurance
	3. Amortization / Depreciation
	4. Interest
5. 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)*