Sales and Cost of Goods Sold (COGS)

Introduction - This handout will help you prepare an Income Statement. On this sheet, you will estimate sales and cost info for one product. This closely matches the Financials Excel template, where you will type in estimates for all of your product(s)

Instructions - Estimate your Sales and Cost of Goods Sold (COGS) for <u>one</u> product below. Explain/include your assumptions. Fill in the blue cells ->   **The white cells include explanations to help you in the process**

	<- Write In Your Business Name

	<- Write In Product Name/Type

Category	*Explanation*	Last Year (2016)	2017	2018	Notes / Assumptions - How did you estimate/come to these numbers?
SALES					
Volume (# of Units)	*How many of this product have you sold/will you sell? ->*				
Price ($ of 1 Unit)	*How much will you charge customers for one of this product? ->*				
Total Product Sales ($)	*Calculation = Volume (#) x Price ($)*				*NOTE: In the Excel template, this will calculate automatically*
COST OF GOODS SOLD (COGS)	*What does it cost you to make/produce/buy one? Example: For a bicycle, it may be the cost of purchasing the bike from a wholesaler. For lemonade, the cost of lemons and sugar. For a dress, the fabric, zipper, thread, etc to make one. You may have 1 Cost Item or 5+ depending on the product*				
	<- Name of cost item (such as fabric) | Cost to produce one unit ->				
	<- Name of cost item (such as a zipper) | Cost to produce one unit ->				
	<- Name of cost item (such as thread) | Cost to produce one unit ->				
	<- Name of cost item (such as buttons) | Cost to produce one unit ->				
	<- Name of cost item (such as packaging) | Cost to produce one unit ->				
Cost of One Unit ($)	*Calculation = Sum of Cost Items above*				*NOTE: In the Excel template, this will calculate automatically*
Total COGS ($)	*Calculation = Cost of One Unit ($) x Volume (# of Units Sold)*				*NOTE: In the Excel template, this will calculate automatically*
GROSS PROFIT					
Gross Profit ($)	*Calculation = Total Sales minus Total COGS*				*NOTE: In the Excel template, this will calculate automatically*

Sales and Cost of Goods Sold (COGS) - Lemonade Stand Example

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Instructions - Estimate your Sales and Cost of Goods Sold (COGS) for <u>one</u> product below. Explain/include your assumptions. Fill in the blue cells ->　　　　The white cells include explanations to help you in the process

Real Good Lemonade Company　　　*<- Write In Your Business Name*

Glass of Lemonade　　　*<- Write In Product Name/Type*

Category	Explanation	Last Year (2016)	2017	2018	Notes / Assumptions - How did you estimate/come to these numbers?
SALES					
Volume (# of Units)	*How many of this product have you sold/will you sell? ->*	50	100	150	Open single day and sold 50 glasses in 2016. In 2017, plan to operate on 2 warm days, and in 2018 for 3 days (pg 12)
Price ($ of 1 Unit)	*How much will you charge customers for one of this product? ->*	$0.50	$0.50	$0.50	Based on market research and price of similar products sold at competitors' lemonade stands (Lucy's Lemons, Linda's Limes) (pg 12)
Total Product Sales ($)	*Calculation = Volume (#) x Price ($)*	**$25.00**	**$50.00**	**$75.00**	*NOTE: In the Excel template, this will calculate automatically*
COST OF GOODS SOLD (COGS)	*What does it cost you to make/produce/buy one? Example: For a bicycle, it may be the cost of purchasing the bike from a wholesaler. For lemonade, the cost of lemons and sugar. For a dress, the fabric, zipper, thread, etc to make one. You may have 1 Cost Item or 5+ depending on the product*				
Lemons	*<- Name of cost item (such as fabric) | Cost to produce one unit ->*	$0.17	$0.18	$0.19	Cost of one lemon at Pappy's grocery is 20 cents. To make 60 glasses of lemonade, need 50 lemons. Assuming 1 cent price increase based on past increases (pg 11)
Sugar	*<- Name of cost item (such as a zipper) | Cost to produce one unit ->*	$0.03	$0.03	$0.03	Cost of one pound of sugar at Pappy's grocery is 40 cents. To make 60 glasses of lemonade, need 5 pounds of sugar (pg 11)
Water	*<- Name of cost item (such as thread) | Cost to produce one unit ->*	$0.00	$0.00	$0.00	No charge from Mom & Dad (pg 11)
Ice	*<- Name of cost item (such as buttons) | Cost to produce one unit ->*	$0.00	$0.00	$0.00	No charge from Mom & Dad (pg 11)
	<- Name of cost item (such as packaging) | Cost to produce one unit ->				
Cost of One Unit ($)	*Calculation = Sum of Cost Items above*	**$0.20**	**$0.21**	**$0.22**	*NOTE: In the Excel template, this will calculate automatically*
Total COGS ($)	*Calculation = Cost of One Unit ($) x Volume (# of Units Sold)*	**$10.00**	**$21.00**	**$33.00**	*NOTE: In the Excel template, this will calculate automatically*
GROSS PROFIT					
Gross Profit ($)	*Calculation = Total Sales minus Total COGS*	**$15.00**	**$29.00**	**$42.00**	*NOTE: In the Excel template, this will calculate automatically*