

Income Statement Dilemma

Help! Carmen doesn't know how her business is doing. She compiled as much of her information as she could, but she is still confused. Review the income statement for Sew Lovely Boutique and help Carmen determine how the store is performing.

Sew Lovely Boutique
Income Statement
For the 6-month Period Ending June 30, 20—

| <i>Operating Revenue</i> | | <i>Operating Expenses</i> | |
|---------------------------------|-----------------|----------------------------------|-----------------|
| Cash sales | \$37,825 | Salaries and wages | \$34,500 |
| Credit/charge sales | <u>\$28,700</u> | Advertising | \$875 |
| Total Operating Revenue | \$66,525 | Rent | \$3,900 |
| | | Utilities | \$1,550 |
| | | Supplies | \$1,695 |
| | | Other | <u>\$350</u> |
| | | Total operating expenses | \$42,870 |

Did the Unique Boutique earn a profit or a loss during this period?
How much?