



The financial statement cheat sheet

Use this cheat sheet alongside your QuickBooks reports to ensure your numbers are accurate and your business is growing.

Part 1: The P&L



Check this report to see if you are making money **over a period of time**.

The P&L quick-scan checklist:

- Is my gross profit margin healthy? (Revenue - COGS)
- Are my operating expenses creeping up? Compare this month to last month
- Is my net income positive? This is your "bottom line" profit

If you want to know...	Look at this P&L Line Item:
<ul style="list-style-type: none">▪ If your product is priced correctly▪ If your marketing is paying off▪ If you can afford a new hire	<ul style="list-style-type: none">▪ Gross Profit▪ Selling Expenses▪ Operating Income

Part 2: The balance sheet



Check this report to see what your business is worth **at this exact moment**.

The balance sheet “golden equation” :

Assets = Liabilities + Equity

(If these two sides don't match, your books are out of balance)



The health check

- Current ratio test:** Can you pay your short-term debts?
 - Calculation: **Total current assets ÷ total current liabilities**
 - Goal: A result of **2.0 or higher** is generally considered healthy
- Equity check:** Is your **retained earnings** line item growing?
(This shows you are reinvesting profit back into the company)

Part 3: The flow (how they connect)



Don't forget the golden rule of **accounting order**:

- 1 **Finish your P&L first**
- 2 **Find your net income**
- 3 **Watch it flow** into the **retained earnings** on your balance sheet

Part 4: Your monthly action plan



Print this out and fill it in **at the end of every month**.

Reporting period: _____

Top revenue source this month: _____

Largest expense to keep an eye on: _____

Current cash on hand (from balance sheet): _____

One goal to improve profitability next month): _____