

A Simple P & L Statement

There are many forms of financial reporting. Examples include accounting for taxes, GAAP accounting and fund accounting. The problem is that many owners use local accountants to prepare their financial statements. If you do not use one of the recognized accounting firms that specialize in funeral homes and cemeteries it is probable that your financial reports are not properly presented. For good management information it is critical to be able to compare, on an "apples-to-apples" basis, your key operating ratios. The format below is a simplified chart of accounts that will allow you to make appropriate comparisons.

Operating revenue

Service Revenue			
Adult burial calls		\$xxx,xxx	
Adult cremation calls		\$xxx,xxx	
Other service revenue		<u>\$xxx,xxx</u>	
Total service revenue			\$y,yyy,yyy
Merchandise Revenue			
Casket sales		\$xxx,xxx	
Casket rentals		\$xxx,xxx	
Vault sales		\$xxx,xxx	
Urn Sales		\$xxx,xxx	
Urn Vault sales		\$xxx,xxx	
Other merchandise revenue		<u>\$xxx,xxx</u>	
Total Merchandise Revenue			\$y,yyy,yyy
Other Revenue			
Partial calls			
Trade embalming revenue		\$xxx,xxx	
Ship out		\$xxx,xxx	
Child and indigent revenue		<u>\$xxx,xxx</u>	
Total other revenue			\$ yyy,yyy
Other Miscellaneous operating revenue			
Cash Advance revenue		\$xxx,xxx	
Cash advance expense		(\$xxx,xxx)	
Other		<u>\$ x,xxx</u>	
Total Miscellaneous operating revenue			\$ y,yyy
Net Operating Revenue			\$z,zzz,zzz

Cost of Sales

Cost of Caskets		\$xxx,xxx	
Cost of Urns		\$xxx,xxx	
Cost of Vaults		\$xxx,xxx	
Cost of urn vaults		\$xxx,xxx	
Miscellaneous merchandise		<u>\$xxx,xxx</u>	
Total Cost of Sales			(\$ aaa,aaa)
			\$b,bbb,bbb

Overhead

Payroll			
Management Salaries		\$xxx,xxx	
Licensee salaries		\$xxx,xxx	
Clerical Salaries		\$xxx,xxx	
Part time		\$xxx,xxx	
Payroll taxes		\$xxx,xxx	
Benefits		\$xxx,xxx	
Total Payroll			\$yyy,yyy
Marketing costs			\$yyy,yyy
Facility costs			
Utilities		\$xxx,xxx	
Rent		\$xxx,xxx	
Repair		\$xxx,xxx	
Telephone		\$xxx,xxx	
Total Facilities			\$yyy,yyy
Vehicles			\$yyy,yyy
Supplies			\$yyy,yyy
General & administrative			\$yyy,yyy
Total operating Overhead			<u>\$c.ccc,ccc</u>
Net income from operations			<u>\$ dd,ddd</u>
Other non operating income and expense			
Net Profit			<u>\$ f,fff</u>

Special message to accountants: Because of its high fixed costs and standard industry practices, manufacturing style reporting and the allocation of costs based on arbitrary measures of activity like revenue DO NOT APPLY and will significantly distort comparatives. Any cost allocation should be done on an actual unit basis; the cost of sales should include ONLY those items that are directly variable in relation to call units.