

Box 5 - Bookkeeping Module

About John Doe Acupuncture

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About John Doe

John is an experienced Acupuncturist, Herbalist and Clinic Nutrition expert.

His primary office includes a 6 room office space in a suburban location that he sees patients in on Tuesday, Thursday and Saturday. He also rents two rooms in a larger wellness center on Monday and Friday to see patients in an urban setting.

John's gross income this year was around \$59k That is a little low for his sales volume of \$154k.

-- In 2015, John was subletting out space in his primary location to Roger, another Acupuncturist for \$800/month. Unfortunately, that came to an end in November 2015 when Roger decide to move to Fiji, and John was unable to find a replacement for Roger in 2016. Thus John lost about \$800/month in sublet income for all of 2016. John has a tentative agreement for another subletter starting January 2017.

-- Roger handled a lot of the computer and IT needs around the office as well as some of the bookkeeping and administrative work -- he handled all of that in exchange for knowledge sharing related to John's expertise in Dr. Tan's acupuncture methods as well as John's expertise in clinical nutrition. As a result of Roger's departure, John had to buy some small computer equipment that he expensed (as opposed to capitalizing) and he had to pay for a Business Consultant to come in regularly to help him with his office needs. John hopes to reduce those expenses next year, which would add back another \$5k to his income.

-- The Cost of Goods sold for \$154k for 2016 was \$41k, so his net sales before expenses were \$113k

With the same level of sales in 2017 and the same product/service mix as he's showing for 2016, John would expect to see a net income of make closer to \$74k for the same level of work as he did in 2016.