



# YOUR FINANCES

## Business or Hobby?

“If you don’t know your numbers, how do you know if you’re making any money?”

**Profit** is the amount of money you have gained after your commission, more than your business expenses/ cost price

**Loss** is the amount, you get after your commission, less than your cost price.

**Cost Price** is how much you paid in business expenses.

Here are simple formulas to find out if you’re making a profit or taking a loss.

The *profit* is equal to the *commission price* minus *cost price* (photos spent on a listing, marketing, leads, mls fees, etc.).

$$\text{Commission price} - \text{Cost Price} = \text{Profit}$$

If you pay \$1,000 for photos, marketing, & business expenses per month and your average commission is \$5,000 per month, you are making a \$4,000 profit each month.

Loss is equal to cost price minus commission price. In Real Estate, it’s easy to suffer a loss if you throw too much money into monthly marketing that doesn’t have a good ROI (Return on Investment).

$$\text{Loss} = \text{Cost Price} - \text{Commission Price}$$

Let’s use the same kind of scenario, but switch up the numbers to show how you could suffer a loss in your business.

If you pay \$2,000 for marketing or leads and you close on average, one home per month at \$1,000, then you will have suffered a loss of \$1,000.



# PROFIT & LOSS STATEMENT

## *Knowing All of Your Numbers*

List the name of each cost & approximate cost of each that is needed to run your business each month. We don't need exact numbers recorded here, you're just brainstorming, but you will on the next page! **Examples:** Zillow Leads, Femme Boss Membership, MLS Fee, Brokerage Technology Fees, Cell Phone, Website, etc.

List each approximate cost associated with running your home each month:

List any outside income you receive monthly:

Approximate difference between the cost to run your home and business (minus) any outside income you receive?



# PROFIT & LOSS STATEMENT

## Keeping Track

Add up the exact expenses for your business below (if you have quarterly expenses such as MLS fees, divide it by 3):

What does it cost you to run your business each month?

1. \$ \_\_\_\_\_

Add up the expenses to run your home each month below:

What does it cost you to run your home each month?

2. \$ \_\_\_\_\_

How much is your average commission?

3. \$ \_\_\_\_\_

How much income do you/will you bring in outside of your business?

4. \$ \_\_\_\_\_



# PROFIT & LOSS STATEMENT

## Keeping Track

Add #1 + #2 to get the cost to run your home and business.

5. \$ \_\_\_\_\_

Difference between the cost to run your home and business (minus) any outside income you receive? #5 - #4

6. \$ \_\_\_\_\_

How many houses do you need to sell each month to break even with your home and business costs? #6 divided by #3

7. \_\_\_\_\_

I need to sell \_\_\_\_\_ houses each month to cover my home & business costs.

We will use this number to create your goal and action plan, so don't skip it!