

Income and Expenses

	Total Points Earned
23	Total Points Possible
	Percentage

Name _____

Date _____

Class _____

Directions: Help Rory create his Income and Expense Statement by answering his questions below. Make sure to provide an explanation to each answer to help Rory learn more about the Income and Expense Statement.

1. According to Rory’s paycheck, he earned \$800 last month, but before taxes and other deductions were taken out he earned \$1,050. Which amount should be recorded as income in his Income and Expense Statement? (2 points)

2. Rory is surprised to learn that there are many other types of income besides the wages he earns in this paycheck every month. Describe at least three other types of income that may be included on an Income and Expense Statement to help Rory identify if he has any other types of income that need to be recorded. (3 points)

3. Now that Rory understands how comprehensive income is, he is wondering if he needs to record the \$500 scholarship he was awarded from his local community to help pay his college tuition. If so, in which category of income should it be recorded: earned income, unearned income, or received income from government programs? (2 points)

4. Rory makes it a habit to save \$80 every month before using his paycheck to purchase anything else. He isn’t sure if his savings should be recorded as an income or an expense on his Income and Expense Statement. Should his \$80 deposit to his savings account be recorded as an income or an expense? (2 points)

5. Rory understands that taxes are one of his largest expenses. However, he doesn't understand why expenses doesn't include a "taxes" specific category. Explain to Rory where taxes are recorded on the Income and Expense Statement. (3 points)

Directions: Answer the following questions with complete sentences.

6. How does an Income and Expense Statement differ from a Statement of Financial Position? Identify at least one difference. (2 points)
7. Give two examples of expenses that may be included in each of the following categories: (5 points)

Insurance	1.
	2.
Housing	1.
	2.
Transportation	1.
	2.

Food	1.
	2.
Other	1.
	2.

8. Describe a method of tracking income and expenses that you would use; justify your choice by giving examples of how the method would fit your lifestyle. (2 points)
9. Why is it important to have some type of written system for tracking income and expenses? (1 point)
10. Once a person determines whether they have a net gain or net loss, what would be the next step in financial planning that would help make changes to the Income and Expense Statement? (1 point)