

Melanie Mielke Construction Corporation is considering the appropriate accounting for two unrelated events during the year. The first event related to the effects of a labor strike that resulted in a work stoppage on a major construction project. \$2,000,000 of building material that was left exposed to weather conditions during the strike was lost. The second event was a \$3,000,000 unrealized gain on available-for-sale securities that continue to be held as an investment.

Melanie Mielke's annual sales were \$9,000,000, at a gross margin of 15%. Selling expenses totaled \$300,000, and administrative expenses totaled \$800,000. Mielke is subject to a 30% income tax rate.

Prepare the 20XX income statement for Melanie Mielke Construction Corporation.