Calculation of Operating Income

Bob's Backpacks manufactures school backpacks adorned with movie-theme logos. During the first quarter of the year, the company had the following costs:

|  |  |
| --- | --- |
| Direct materials used | $51,500 |
| Direct labor | 39,000 |
| Factory rent | 73,500 |
| Factory equipment depreciation | 13,500 |
| Office equipment depreciation | 1,100 |
| Marketing expenses | 5,800 |
| Administrative expenses | 15,500 |
|  |  |

The company had no beginning or ending work in process inventory and no beginning finished-goods inventory. Although 7,600 units were started and finished during the quarter, just 4,900 were sold, for an average price of $32 each.

**Required:**

Calculate Bob's Backpacks' operating income for the first quarter. If required, round your interim calculations to the nearest whole number.