

## 4. Cash Flow Statement (cont.)

2. Capital Purchases. *Non-expensed (depreciable) expenses such as equipment, building, vehicles, and leasehold agreements.*
  3. Other Start-up Costs. *Expenses incurred prior to first month projection and paid for after the start-up position.*
  4. Reserve and/or Escrow. *Insurance, tax, or equipment escrow to reduce impact of large periodic payments.*
  5. Owner's Withdrawal. *Include payment for owner's income tax, social security, health insurance.*
- G. Total Cash Paid Out** (E plus F).
- H. Cash Position** (End of month) (D minus G). *This becomes the "Cash on Hand" (Item A) figure for the next month.*

### Essential Operating Data

These non-cash flow items can be kept separately or included at the bottom of your monthly cash flow projections under the heading "Essential Operating Data." They are important planning and cash flow projection tools.

- ➔ **Inventory on Hand** (end of month).  
Last month's inventory, plus merchandise received and/or manufactured current month, minus amount sold current month. This relates to section E.1.
- ➔ **Accounts Receivable** (end of month).  
Previous unpaid credit sales, plus current month's credit sales, minus amounts received (Section B.2).
- ➔ **Bad Debt** (end of month).  
Should be deducted from the month anticipated. This figure is based on past history or industry standards.
- ➔ **Accounts Payable** (end of month).  
Previous month's payable, plus current month's payable, minus amount paid during month. Total cash paid out for expenses (E and F).
- ➔ **Depreciation**  
Assets wear out and lose value. Established by your accountant, as allowed by the IRS.