# **Statement of Cash Flow ~ Net Income ~ Ending Cash**

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## **Enter Company Name**

Comparison Base-to-Date	© 2009 All Rights Reserved, IntactAuto® Holdings LLC												
Comparison Base-to-Date	Base-to-Date	February-09	March-09	April-09	May-09	June-09	July-09	August-09	September-09	October-09	November-09	December-09	January-10
Net Income After Taxes (Profit/Loss)	959,000	306,000	355,000	653,000	1,028,000	1,207,000	0	0	0	0	0	0	0
Depreciation - Fixed Assets	632,000	77,000	109,000	131,000	150,000	165,000	0	0	0	0	0	0	0
LIFO ~ FIFO Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash from Operations	1,591,000	383,000	464,000	784,000	1,178,000	1,372,000	0	0	0	0	0	0	0
A Trade Account Receivables	(332,000)	(20,000)	(33,000)	(98,000)	(97,000)	(84,000)	0	0	0	0	0	0	0
Operating Inventories													
A New Vehicles	(2,904,000)	(1,806,000)	(1,898,000)	(100,000)	(400,000)	1,300,000	0	0	0	0	0	0	0
A Used Vehicles	(1,900,000)	100,000	(1,180,000)	380,000	(200,000)	(1,000,000)	0	0	0	0	0	0	0
A Fixed Operation	(1,631,000)	(200,000)	(200,000)	(40,000)	12,000	(1,203,000)	0	0	0	0	0	0	0
Total Operating Inventories	(6,435,000)	(1,906,000)	(3,278,000)	240,000	(588,000)	(903,000)	0	0	0	0	0	0	0
A Prepaid Expenses	150,000	100,000	(100,000)	100,000	0	50,000	0	0	0	0	0	0	0
A Other Assets ~ Inventories	(312,000)	(68,000)	(71,000)	(68,000)	(56,000)	(49,000)	0	0	0	0	0	0	0
□ Trade Payables, w/o Operating Payables	498,000	63,000	185,000	84,000	89,000	77,000	0	0	0	0	0	0	0
□ Accrued Expenses	831,000	230,000	209,000	136,000	137,000	119,000	0	0	0	0	0	0	0
Other Current Notes & Payables	973,000	202,000	268,000	202,000	161,000	140,000	0	0	0	0	0	0	0
Current Liabilities & L-T-D Portions	10,000	2,000	(27,000)	5,000	16,000	14,000	0	0	0	0	0	0	0
M OCF ~ Manual Cash Flow Overrides	5	1	2	3	4	5	0	0	0	0	0	0	0
Operating Cash Flow (OCF)	(435,985)	(1,013,999)	(2,382,998)	1,385,003	840,004	736,005	0	0	0	0	0	0	0
A Other Working Assets	(150,000)	(100,000)	100,000	(100,000)	0	(50,000)	0	0	0	0	0	0	0
A Cost of Gross Fixed Assets	(1,467,000)	(277,000)	(369,000)	(308,000)	(275,000)	(238,000)	0	0	0	0	0	0	0
A Other Non-Current Assets	(373,000)	(155,000)	40,000	(78,000)	(86,000)	(94,000)	0	0	0	0	0	0	0
M ICF ~ Manual Cash Flow Overrides	(6)	2	3	4	5	6	0	0	0	0	0	0	0
Investing Cash Flow (ICF)	(1,989,980)	(531,998)	(228,997)	(485,996)	(360,995)	(381,994)	0	0	0	0	0	0	0
Cash Flow Before Financing	(2,425,965)	(1,545,997)	(2,611,995)	899,007	479,009	354,011	0	0	0	0	0	0	0
Operating Inventories ~ Notes Payable													
New Vehicles ~ Notes Payable	2,520,000	1,015,000	2,785,000	(1,300,000)	200,000	(180,000)	0	0	0	0	0	0	0
Used Vehicles ~ Notes Payable	131,000	531,000	89,000	392,000	(688,000)	(193,000)	0	0	0	0	0	0	0
Total Notes Payable ~ Inventories	2,651,000	1,546,000	2,874,000	(908,000)	(488,000)	(373,000)	0	0	0	0	0	0	0
Other Reserves & Deferrals	46,000	103,000	(73,000)	6,000	5,000	5,000	0	0	0	0	0	0	0
Long-Term Debt	464,000	164,000	10,000	90,000	100,000	100,000	0	0	0	0	0	0	0
□ Mortgages Payable - Real Estate	(199,999)	(149,999)	0	(33,000)	113,000	(130,000)	0	0	0	0	0	0	0
□ Misc. Long-Term Liabilities	133,999	5,999	4,000	90,000	(96,000)	130,000	0	0	0	0	0	0	0
M FCF ~ Manual Cash Flow Overrides	7	3	4	5	6	7	0	0	0	0	0	0	0
Financing Cash Flow (FCF)	3,095,025	1,669,003	2,815,004	(754,995)	(365,994)	(267,993)	0	0	0	0	0	0	0
Total Operating Cash Flow													
Operating Cash Flow (OCF)	(435,985)	(1,013,999)	(2,382,998)	1,385,003	840,004	736,005	0	0	0	0	0	0	0
Investing Cash Flow (ICF)	(1,989,980)	(531,998)	(228,997)	(485,996)	(360,995)	(381,994)	0	0	0	0	0	0	0
Financing Cash Flow (FCF)	3,095,025	1,669,003	2,815,004	(754,995)	(365,994)	(267,993)	0	0	0	0	0	0	0
Total Cash Flow	669,060	123,006	203,009	144,012	113,015	86,018	0	0	0	0	0	0	0
Beginning Cash and Contracts	284,000	284,000	407,000	610,000	754,000	867,000	0	0	0	0	0	0	0
Total Cash Flow ~ Current Period	669,060	123,006	203,009	144,012	113,015	86,018	0	0	0	0	0	0	0
Ending Cash and Contracts	953,060	407,006	610,009	754,012	867,015	953,018	0	0	0	0	0	0	0
Ending Cash and Contracts	900,000	407,000	010,009	134,012	007,010	333,010	0	0	0	U	U	0	0

# **Statement of Cash Flow ~ Help Screen**

#### **Enter Company Name**

Select a Financial Statement





# Understanding the Statement of Cash Flow ...

Instinctually at first it is not uncommon to begin analyzing the Statement of Cash Flow with the state of mind used when studying a Balance Sheet. The problem, this is **wrong**. One must remember it is not the actual Balance Sheet account that you are reviewing, but how the changes within that account balance relates to Cash Flow within the organization.

So if you're seeing a negative amount, that does **not** mean the general ledger account balance value decreased and visa-versa, if you're seeing a positive amount that does **not** mean the general ledger balance increased.

We are discussing - Cash Flow - and how a Balance Sheet General Ledger account affects cash ....

### So here we go ....

When analyzing a Statement of Cash Flow, pay close attention to the Account Class (I ~ Income, A ~ Asset, L ~ Liability, M ~ Manual Overriding Entries)

The account classification is located on the left-side of the Statement of Cash Flow worksheet.

When analyzing the Statement of Cash report a positive amount reported is an increase in Cash Flow within all categories, being ICF, OCF and FCF.

A Statement of Cash Flow combines both the Income Statement and the Balance Sheet, and will without doubt demonstrate that **Net Cash from Operations**, Sales, Operating Income, Net Income, Profit or Losses alone do not always equate to a positive cash flow. You will notice this simply by examining the last line within this report, **Ending Cash & Contracts**. The Net Cash from Operations calculation is; Net Income after Taxes (Profit or Loss), plus any Depreciation or Amortization general ledger entries.

### Account Classes and how they affect Cash Flow ....

Asset Class I ~ Income Statement, a positive amount is an increase In Cash Flow; affecting both Net Cash from Operations and Operating Cash Flow (OCF). These values originate from individual fiscal period financial Income Statements. This account class includes Net Income after Taxes (Profit and/or Loss) and Depreciation ~ Amortization entries which are non-cash transaction. A negative amount likely occurs when actual operating losses exceed depreciation entries within a given fiscal period.

Asset Class A ~ Assets, a positive amount is an increase In Cash Flow and usually occurs due to the fact that Assets or Operating Inventories are being sold for cash or the purpose of reducing outstanding liabilities. A negative amount tends to indicate that an organization has increased its general assets or Operating Inventories by either paying cash or acquiring added short-term and/or long-term liabilities.

Asset Class L ~ Liabilities, a positive amount is an increase In Cash Flow and usually occurs when Cash was received or is retained in return for promising or acquiring added short-term and/or long-term liabilities. A negative amount reduces the organizations Cash Flow due to the fact that outstanding liabilities~debt was either paid with a cash payment and/or exchanged for another company asset.

Asset Class M ~ Manual Overriding Entries, a positive amount is an increase In Cash Flow. This is a manual correcting entry made by the workbook user within the Review ~ Balance Sheet Financials – Detailed Cash Flow Analysis Report. The sole intent of allowing manual overrides within this workbook is to maintain a high-level of flexibility when utilizing this software. The likelihood of ever needing to make a manual entry is next to none. The entries made within any given fiscal period are usually done only because a balance sheet ~ financial variable has not yet been posted to the financial statement, but eventually will be posted to the Balance Sheet upon completion of the financial transactions.

### Utilizing the Excel® Worksheet Dropdown List Options ....

The intent of the Statement of Cash Flow Dropdown list is to utilize the power of Excel and allow that worksheet itself to do the simple mathematical calculation required when analyzing General Ledger accounts. You have three available options which are listed below that may be of use when attempting to isolate financial concerns of importance which may perhaps necessitate further research to **preserve a preferred level of Ending Cash ~ Cash Flow.** 

#### **Comparison Base-to-Date**

Calculates the Balance Sheet General Ledger change between the Comparison Statement Period general ledger balance and the last entered fiscal period.

Remember, if you're seeing a negative amount, that does not mean the account balance value decreased, it actually increased, and if you're seeing a positive amount that does not mean the general ledger balance increased, it actually decreased.

As for the Comparison Base Period, it is the first month ~ starting period of your financial analysis data. Commonly the first month of financial data is December of the prior year when completing a current year analysis. Additional information may be located on the help screen available on the Default Setting worksheet.

#### **Average Fiscal Period Change**

Calculates and displays the average fiscal period change in cash flow through the last processed fiscal period.

These enormously informative values determine if longer term balance sheet financial trends are developing within the organization.

#### **Actual Last Balance Sheet Account Values**

Displays the actual Balance Sheet account value of the **last fiscal period** processed. This option is made available because when reviewing the Statement of Cash Flow it is not uncommon to reference the actual values when analyzing cash position changes. Please remember these are **actual** Balance Sheet values and **not** Cash Flow position calculations.

One final note concerning the Statement of Cash Flow Report, Operating Inventories and Operating Inventories ~ Notes Payable. This worksheet does not actually calculate the value for you, but will highlight the total values if they are **not moving in opposite directions**. If this occurs it may be suggesting either a desirable or undesirable notice. A potentially undesirable sign could be both Operating Inventories and Operating Inventories ~ Notes Payable are positive amounts, indicating that assets are being liquidated, yet Operating Inventories ~ Notes Payable are negative amounts, indicating that liquid assets are being acquired, yet Operating Inventories ~ Notes Payable are being reduced, potentially reducing short-term liabilities and interest expenses.

In summary, you must always ask yourself, "Where is the cash coming from and is available cash appropriately utilized within the organization?"