Instructions - Twelve-month Cash Flow Statement.

The most important part of the long term forecast is not the numbers themselves, but the assumptions underlying the numbers. So make sure your assumptions are stated clearly and in detail in a narrative attachment. This will communicate your vision of the company's future and how you anticipate realizing that vision.

1. Cash on hand (beginning of month) -- Cash on hand same as Cash position, pervious month

2. Cash receipts-

(a) Cash sales-- All cash sales. Omit credit sales unless cash is actually received

(b) Collections in CR accounts-- Amount to be expected from all accounts.

(c) Loan or other cash injection-- Indicate here all cash injections not shown in 2(a) or 2(b) above.

3. Total cash receipts (2a+2b+2c=3)

4. Total cash available (before cash out)(1+3)

5. Cash paid out -
(a) Purchases (merchandise)--Merchandise for resale or for use in product (paid for in current month).

Purchases (specify) Purchases other than merchandise you will sell.

(b) Gross wages (including withdrawals)--Base pay plus overtime (if any)

(c) Payroll expenses (taxes, etc.)-- Include paid vacations, paid sick leave, health insurance, unemployment insurance, (this might be 10 to 45% of 5(b))

(d) Outside services--This could include outside labor and/or material for specialized or overflow work, including subcontracting

(e) Supplies (office and operating)--Items purchased for use in the business (not for resale)

(f) Repairs and maintenance-- Include periodic large expenditures such as painting or decorating

(g) Advertising--This amount should be adequate to maintain sales volume

(h) Car, delivery and travel--If personal car is used, charge in this column, include parking

(i) Accounting and legal--Outside services, including, for example, bookkeeping

(j) Rent-- Real estate only

(k) Telephone

(l) Utilities--Water, heat, light and/or power

(m) Insurance-- Coverage on business property and products (fire, liability); also worker's compensation, fidelity, etc. Exclude executive life (include in owner withdrawal)

(n) Taxes (real estate, etc.)-- Plus inventory tax, sales tax, and excise tax, if applicable

(o) Interest--Remember to add interest on loan as it is injected (See 2(c) above)

(p) Other expenses (specify each)
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Unexpected expenditures may be included here as a safety factor____

Equipment expenses during the month should be included here (non-capital equipment) ____________________________

When equipment is rented or leased, record payments here____________________________

(q) Miscellaneous (unspecified)--Small expenditures for which separate accounts would be practical

(r) Subtotal--This subtotal indicates cash out for operating costs

(s) Loan principal payment--Include payment on all loans, including vehicle and equipment purchases on time payment

(t) Capital purchases (specify)—Non-expensed (depreciable) expenditures such as equipment, building purchases on time payment

(u) Other start-up costs--Expenses incurred prior to first month projection and paid for after start-up

(v) Reserve and/or escrow (specify)-- Example: insurance, tax or equipment escrow to reduce impact of large periodic payments

(w) Owner's withdrawals-- Should include payment for such things as owner's income tax, social security, health insurance, executive life insurance premiums, etc.

6. Total cash paid out (5a through 5w)

7. Cash position (end on month) (4 minus 6) — This is calculated automatically.

Essential operating data (non-cash flow information)--This is basic information necessary for proper planning and for proper cash flow projection. Also with this data, the cash flow can be evolved and shown in the above form.

A. Sales volume (dollars)--This is a very important figure and should be estimated carefully, taking into account size of facility and employee output as well as realistic anticipated sales (actual sales, not orders received).

B. Accounts receivable (end of month)-- Previous unpaid credit sales plus current month's credit sales, less amounts received current month (deduct "C" below)

C. Bad debt (end on month)-- Bad debts should be subtracted from (B) in the month anticipated

D. Inventory on hand (end on month)-- Last month's inventory plus merchandise received and/or manufactured current month minus amount sold current month

E. Accounts payable (end of month) Previous month's payable plus current month's payable minus amount paid during month.

F. Depreciation--Established by your accountant, or value of all your equipment divided by useful life (in months) as allowed by Internal Revenue Service

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