

Cash Flow Statement

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A Cash Flow statement shows the cash inflow from operations and financial investments as well as the cash outflow that pays for business activities and investments. The Cash Flow statement is found at *Accounting Reports / General Ledger / Financial Reports*. Setup must be completed before the report can be run.

The screenshot shows the 'Financial Reports' dialog box with the 'Cash Flow' report selected. The 'Report Format' is set to 'Fiscal Range' with 'Start' and 'End' both set to 4. The 'Cash Accounts' section has a 'Setup' button. The 'Operating Section Accts' section has a 'Setup' button. The 'Investing Section Accts' section has a 'Setup' button. The 'Financing Section Accts' section has a 'Setup' button. The 'Operating to Investing Accts' section has a 'Setup' button. The 'Operating to Financing Accts' section has a 'Setup' button. The 'Profit Centers' section has 'All' selected and a 'Select' button. There are checkboxes for 'Round to Nearest Dollar', 'Include Increase/Decrease', 'Include Accounts with No Activity', 'Include Account ID's', 'Group/Subtotal', and 'Show Detail'. There are also 'Print' and 'Preview' radio buttons, and 'Load Set', 'Save Set', 'OK', and 'Cancel' buttons.

Each section of the report has a **Setup** button to select the accounts that need to be included in that area.

- **Cash Accounts** – This includes cash and/or cash equivalent accounts. Examples include cash on hand, checking accounts, money market accounts, etc.
- **Operating Section Accts** – This includes balance sheet accounts that are part of the normal operations. Examples include accounts receivable, accounts payable, inventory, accrued expenses, and depreciation. These accounts are typically classified as Current Assets and Current Liabilities. This section includes the *Net Income* from the Income Statement and an *Adjustments* section with one line for each of the accounts listed in the setup of the *Operating Section Accts*.
- **Investing Section Accts** – These are long-term assets used in the business, including accounts such as equipment, land, buildings, other fixed assets, and the gain or loss on the sale of the equipment. This section contains one line for each account included in the setup of the *Investing Section Accts*.
- **Financing Section Accts** – These accounts include notes payable accounts, long-term loans, stocks, and dividends. The *Financing* section includes a line for each account in the setup of the *Financing Section Accts*.
- **Operating to Investing Accts** – Accounts that are set up here are accounts that are included in the net income but are really Investing Activity accounts. An example of this would be the Gain on the Sale of Equipment account. Accounts set up in this area print in both the *Operating* and *Investing* sections. In the

Operating section, the effect to the net income is negated, and in the *Investing* section, the opposite of this amount is printed. Accounts set up in this area must also be included in the *Operating Section Accts*.

- **Operating to Financing Accts** – These accounts are included in the net income but are really Financing Activity accounts. An example would be Interest Expense. Accounts set up in this area print in both the *Operating* and *Financing* sections. In the *Operating* section, the effect to the net income is negated, and in the *Financing* section, the opposite of this amount is printed. Accounts set up in this area must also be included in the *Operating Section Accts*.

About the Cash Flow Statement

If the *Include Increase/Decrease* option is selected, the change in the account balance from the beginning of the period to the end of the period displays.

Increase indicates that the balance is greater at the end of the period than at the beginning of the period, and *Decrease* indicates that the account balance is less at the end of the period than it was at the beginning of the period.

These labels do not necessarily indicate how the account is affecting the cash flow. For example, an increase in the balance of a particular account does not necessarily indicate an increase in cash flow.

Amount Formulas

The amounts for liability, capital, direct expense, overhead expense, other expense, and tax accounts are calculated as the end of period balance less the beginning of period balance. A positive amount for these types of accounts will have an *Increase* label, and a negative amount will have a *Decrease* label.

The amounts for asset, direct income, and other income accounts are calculated as the end of period balance less the beginning of period balance, and that total is multiplied by negative one. A positive amount for these types of accounts will have a *Decrease* label, and a negative amount will have an *Increase* label.

The formulas listed above apply to accounts set up in the *Operating Section Accts*, *Investing Section Accts*, and *Financing Section Accts* setup areas. The accounts that are set up under *Operating to Investing Accts* and *Operating to Financing Accts* follow the rules for the *Operating Activities* section, and then have the sign reversed when they are placed into the Investing or Financing sections.

- The *Net Increase/(Decrease) in Cash and Cash Equivalents* is the *Net Cash Flow provided (used) by Operating Activities* plus the *Net Cash Flow provided (used) by Financing Activities*.
- The *Cash and Cash Equivalents at Beginning of Period* are calculated from the accounts selected at the *Cash Accounts Setup* button.
- The *Calculated Cash and Cash Equivalents at End of Peri* is the *Net Increase/(Decrease) in Cash and Cash Equivalents* plus the *Cash and Cash Equivalents at Beginning of Period*.
- The *Current Balance of Cash and Cash Equivalents* is calculated from the accounts selected at the *Cash Accounts Setup* button.

The difference between the calculated and the current should be zero. If the difference is not zero, the setup should be reviewed to determine if an account was included that should not have been or if an account needs to be included that was not.

Cash Flow from Operating Activities	
Net Income	\$507,806.03
Adjustments:	
Increase - Accounts Receivable	(\$29,697.91)
Increase - Inventory - Dry	(\$15,392.13)
Increase - Inventory - Liquid	(\$10,768.89)
Increase - Inventory - Pesticide	(\$126,293.27)
Increase - Inventory - Seed	(\$36,360.00)
Increase - Inventory - Feed	(\$3,142.74)
Decrease - Inventory Propane - North	\$300.00
Increase - Inventory - Gasoline	(\$5,517.53)
Increase - Inventory - Clear Diesel	(\$6,427.21)
Increase - Inventory - Dyed Diesel	(\$4,519.49)
Increase - Accounts Payable	\$110,421.85
Increase - Estimated Freight	\$142.28
Increase - FICA Taxes Payable	\$489.00
Increase - Federal Tax Withholding	\$80.42
Increase - Medicare Tax Withholding	\$114.36
Increase - State Tax Withholding	\$92.29
Increase - Section 125 Withholding	\$30.00
Increase - 401K Withholding	\$20.82
Increase - Misc. Employee Withholding	\$36.00
Decrease - Federal Fuel Tax	(\$1,394.48)
Increase - Illinois Motor Fuel Tax	\$212.02
Increase - IUSTT	\$33.96
Increase - Sales Tax	\$270.31
Net Cash Flow provided (used) by Operating Activities:	<u>\$380,535.69</u>
Cash Flow from Investing Activities	
Increase - Land and Buildings	(\$335,401.80)
Net Cash Flow provided (used) by Investing Activities:	<u>(\$335,401.80)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$45,133.89
Cash and Cash Equivalents at Beginning of Period	\$0.00
Calculated Cash and Cash Equivalents at End of Per	<u>\$45,133.89</u>
Current Balance of Cash and Cash Equivalents	\$45,133.89
Difference	\$0.00