



Introduction

The historical and projected cash flows of a business are often important to the bank's credit decisions. By cash flow, we mean the amount and timing of the cash receipts and cash payments. For example, a sale which creates an account receivable does not add to cash flow until the receivable is collected. Similarly, disbursements for inventory, expenses and taxes reduce the cash balance in the month they are actually paid. Taken together, positive and negative monthly cash flows may show when loans are needed and how they will be repaid. This type of analysis should be helpful to both your business and the bank.

Instructions

On the reverse side of this page is a format we find helpful to analyze cash flow. You may use lined accounting paper or a computer spread sheet to complete the projection. We welcome alternative formats as well if you have one you are using.

If you would like to use our format, the following explanations may be helpful.

Line 1 Cash On Hand: An estimate of your bank account balance at the beginning of each month as carried forward from Line 8 in the previous month.

Line 2 Total Cash Receipts: The sum of cash received in each month from cash sales, the collection of accounts receivable, and other sources such as tax refunds.

Line 5 Cash Flow, Positive or Negative: The net effect of one month's operations on the business cash position before loan transactions. If positive, a loan payment may occur. If negative, a loan advance may be necessary.

Line 9 Credit Line Position: The end of the month loan balance after all loan advances and payments to date.

Key Assumptions

Please list on a separate sheet the major assumptions affecting the underlying sales forecast, the timing of large cash flows (positive or negative), or other predictions.

If we can be of further help, please telephone us at the number listed in our Small Business Loan Application.

Monthly Cash Flow Forecast

Year: _____ Beginning Position Month: _____, etc.

1. Cash On Hand
(beginning of month)

2. Total Cash Receipts

3. Total Cash Available (1 + 2)

Cash Paid Out

Payments to Vendors

Gross Wages

Other Payroll Expenses

Outside Services

Supplies

Repairs and Maintenance

Auto / Delivery / Travel

Accounting and Legal

Rent

Utilities

Insurance

Interest

Income and Property Taxes

Other

Subtotal

Fixed Asset Purchases

Other Start-up Costs

Time Loan Payments

Escrow Payments

Owners' Withdrawals

Other

4. Total Cash Paid Out

5. Cash Flow: Positive or (Negative) (3-4)

6. Credit Line Payment

7. Credit Line Advance

8. Ending Cash Position (5 - 6 + 7)
(beginning of next month)

9. Credit Line Position (Cumulative 7 - 6)