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Medicaid Cuts Would Be A Blow To Nursing Homes May 27, 2025 S&P 500 Gains and Losses Today: Index Rises After Trump Extends EU Tariff Deadline May 27, 2025 What To Expect From Friday's Report On Inflation May 27, 2025 Top CDs Today, May 27, 2025 - New Offer Guaranteeing 4.65% Is Now the Rate Leader May 27, 2025 What Analysts Think of Costco Stock Ahead of Earnings Updated May 27, 2025 How Last Week's Mortgage Rate Rise Is Linked to the Trump Tax Bill May 27, 2025 New Kid on the Crypto Block Will Offer a Huge List of Coins May 27, 2025 Nuclear Stocks Continue To Climb After Trump's Executive Orders May 27, 2025 Why Nvidia Is a Morgan Stanley 'Top Pick' Ahead of Earnings May 27, 2025 FICO Stock Leads S&P 500 Decliners Again May 27, 2025 Tesla Stock Jumps as CEO Elon Musk Says He Will Return To 'Spending 24/7 at Work' May 27, 2025 Whether you're a working professional, business owner, entrepreneur, or investor, knowing how to read and understand a cash flow statement can enable you to extract important data about the financial health of a company. If you're an investor, this information can help you better understand whether you should invest in a company. If you're a business owner or entrepreneur, it can help you understand business performance and adjust key initiatives or strategies. If you're a manager, it can help you more effectively manage budgets, oversee your team, and develop closer relationships with leadership—ultimately allowing you to play a larger role within your organization. Not everyone has finance or accounting expertise. For non-finance professionals, understanding the concepts behind a cash flow statement and other financial documents can be challenging. To facilitate this understanding, here's everything you need to know about how to read and understand a cash flow statement. Free Resource: Financial Statement Templates Access your interactive balance sheet, income statement, and cash flow statement templates today. DOWNLOAD NOW What is a Cash Flow Statement? The purpose of a cash flow statement is to provide a detailed picture of what happened to a business's cash during a specified period, known as the accounting period. It demonstrates an organization's ability to operate in the short and long term, based on how much cash is flowing into and out of the business. The cash flow statement is typically broken into three sections: Operating activities Investing activities Financing activities Operating activities detail cash flow that's generated once the company delivers its regular goods or services, and includes both revenue and expenses. Investing activities include cash flow from purchasing or selling assets—think physical property, such as real estate or vehicles, and non-physical property, like patents—using free cash, not debt. Financing activities detail cash flow from both debt and equity financing. Based on the cash flow statement, you can see how much cash different types of activities generate, then make business decisions based on your analysis of financial statements. Ideally, a company's cash from operating income should routinely exceed its net income, because a positive cash flow speaks to a company's ability to remain solvent and grow its operations. It's important to note that cash flow is different from profit, which is why a cash flow statement is often interpreted together with other financial documents, such as a balance sheet and income statement. How Cash Flow Is Calculated Now that you understand what comprises a cash flow statement and why it's important for financial analysis, here's a look at two common methods used to calculate and prepare the operating activities section of cash flow statements. Cash Flow Statement Direct Method The first method used to calculate the operation section is called the direct method, which is based on the transactional information that impacted cash during the period. To calculate the operation section using the direct method, take all cash collections from operating activities, and subtract all of the cash disbursements from the operating activities. Cash Flow Statement Indirect Method The second way to prepare the operating section of the statement of cash flows is called the indirect method. This method depends on the accrual accounting method in which the accountant records revenues and expenses at times other than when cash was paid or received—meaning that these accrual entries and adjustments cause the cash flow from operating activities to differ from net income. Instead of organizing transactional data like the direct method, the accountant starts with the net income number found from the income statement and makes adjustments to undo the impact of the accruals that were made during the period. Essentially, the accountant will convert net income to actual cash flow by de-accruing it through a process of identifying any non-cash expenses for the period from the income statement. The most common and consistent of these are depreciation, the reduction in the value of an asset over time, and amortization, the spreading of payments over multiple periods. Related: Financial Terminology: 20 Financial Terms to Know How to Interpret a Cash Flow Statement Whenever you review any financial statement, you should consider it from a business perspective. Financial documents are designed to provide insight into the financial health and status of an organization. For example, cash flow statements can reveal what phase a business is in: whether it's a rapidly growing startup or a mature and profitable company. It can also reveal whether a company is going through transition or in a state of decline. Using this information, an investor might decide that a company with uneven cash flow is too risky to invest in; or they might decide that a company with positive cash flow is primed for growth. Similarly, a department head might look at a cash flow statement to understand how their particular department is contributing to the health and wellbeing of the company and use that insight to adjust their department's activities. Cash flow might also impact internal decisions, such as budgeting, or the decision to hire (or fire) employees. Cash flow is typically depicted as being positive (the business is taking in more cash than it's expending) or negative (the business is spending more cash than it's receiving). Related: How Learning About Finance Can Jumpstart Your Career No Matter Your Industry Positive Cash Flow Positive cash flow indicates that a company has more money flowing into the business than out of it over a specified period. This is an ideal situation to be in because having an excess of cash allows the company to reinvest in itself and its shareholders, settle debt payments, and find new ways to grow the business. Positive cash flow does not necessarily translate to profit, however. Your business can be profitable without being cash flow-positive, and you can have positive cash flow without actually making a profit. Negative Cash Flow Having negative cash flow means your cash outflow is higher than your cash inflow during a period, but it doesn't necessarily mean profit is lost. Instead, negative cash flow may be caused by expenditure and income mismatch, which should be addressed as soon as possible. Negative cash flow may also be caused by a company's decision to expand the business and invest in future growth, so it's important to analyze changes in cash flow from one period to another, which can indicate how a company is performing overall. Cash Flow Statement Example Here's an example of a cash flow statement generated by a fictional company, which shows the kind of information typically included and how it's organized. Go to the alternative version. This cash flow statement shows Company A started the year with approximately $10.75 billion in cash and equivalents. Cash flow is broken out into cash flow from operating activities, investing activities, and financing activities. The business brought in $53.66 billion through its regular operating activities. Meanwhile, it spent approximately $33.77 billion in investment activities, and a further $16.3 billion in financing activities, for a total cash outflow of $50.1 billion. The result is the business ended the year with a positive cash flow of $3.5 billion, and total cash of $14.26 billion. The Importance of Cash Flow Cash flow statements are one of the most critical financial documents that an organization prepares, offering valuable insight into the health of the business. By learning how to read a cash flow statement and other financial documents, you can acquire the financial accounting skills needed to make smarter business and investment decisions, regardless of your position. Are you interested in gaining a toolkit for making smart financial decisions and the confidence to clearly communicate those decisions to key internal and external stakeholders? Explore our online finance and accounting courses and download our course flowchart to determine which best aligns with your goals. If you want to dive into creating a cash flow statement, download our free financial statement templates to start practicing. Data Tables Company A - Statement of Cash Flows (Alternative Version) Year Ended September 28, 2019 (In millions) Cash and cash equivalents, beginning of the year: $10,746 OPERATING ACTIVITIES Activity Amount Net Income 37,037 Adjustments to Reconcile Net Income to Cash Generated by Operating Activities: Depreciation and Amortization 6,757 Deferred Income Tax Expense 1,141 Other 2,253 Changes in Operating Assets and Liabilities: Accounts Receivable, Net (2,172) Inventories (973) Vendor Non-Trade Receivables 223 Other Current and Non-Current Assets 1,080 Accounts Payable 2,340 Deferred Revenue 1,459 Other Current and Non-Current Liabilities 4,521 Cash Generated by Operating Activities 53,666 INVESTING ACTIVITIES Activity Amount Purchases of Marketable Securities (148,489) Proceeds from Maturities of Marketable Securities 20,317 Proceeds from Sales of Marketable Securities 104,130 Payments Made in Connection with Business Acquisitions, Net of Cash Acquired (496) Payments for Acquisition of Intangible Assets (911) Other (160) Cash Used in Investing Activities (33,774) FINANCING ACTIVITIES Activity Amount Dividends and Dividend Equivalent Rights Paid (10,564) Repurchase of Common Stock (22,860) Proceeds from Issuance of Long-Term Debt, Net 16,896 Other 149 Cash Used in Financing Activities (16,379) Increase / Decrease in Cash and Cash Equivalents: 3,513 Cash and Cash Equivalents, End of Year: $14,259 Go back to the article. All BlogsAccounting ResourcesCash FlowCash Flow StatementInvesting Cash FlowsCash Flow From Investing ActivitiesFinancing Cash FlowsCash Flow From Financing ActivitiesFund Flow StatementsFund Flow StatementFund Flow Statement FormatCash Flow StatementBOOT CAMP - Financial Modeling (6 Hrs)GET: WSM ALL COURSES ACCESSTable Of Contents Cash flow refers to the inflow and outflow of cash and cash equivalents. Cash-flow is generated by business operations, investments, and financing. It determines a business's cash position and cash availability. Analyzing a company's cash-flow provides critical information about its financial health, business activities, and reported earnings. Based on the analysis, future cash flows are projected. Consequently, financial analysts plan short-term goals, long-term goals, working capital, and the optimum cash level required for business operations. Cash flow is an inward and outward movement of cash and cash equivalents during a specific period. The net money-flow is computed as: Net Cash Flow = Total Cash Inflows - Total Cash Outflows, A cash flow statement summarizes the transactions for a specified period—cash generating activities and activities requiring cash expenditure. Cash flow indicates if a business has enough money for its operation. Any transaction that a company does in cash or cash equivalent is penned down in a cash-flow statement to track the status of business funds and keep an account of the closing cash balance at the end of the accounting period.Cash comprises currency, coins, petty cash, checking account balance, savings account balance, money orders, and bank drafts. Cash equivalents refer to securities that can be liquidated within three months. It includes short-term government bonds, marketable securities, treasury bills, commercial papers, money market funds, and other short-term investments.The net cash-flow can either be positive or negative. A positive cash flow reflects that the company has enough money to meet its future expenses. However, if the money is surplus, then the firm is not utilizing its liquid funds efficiently. On the contrary, a negative cash flow represents a company unable to pay off its liabilities.Certain payments made by a company do not reflect in the profit and loss account statement, whereas the same is present in the cash flow statement. For Example, if a company has a loan and is paying off the principal amount back to the bank, this transaction is not shown in the Profit and loss statement. But it will be mentioned in the cash flow statement. Sometimes, such companies show profits but do not have funds to pay off loans and obligations. Such situations can be identified using the cash flow statement.A business entity accrues profits via the following activities:Operating activities include a company's regular business operations. Inflows are generated by selling goods or rendering services, including the collection of sundry debtors. However, money outflows stream through various monetary payments like the purchase of inventory, releasing salaries, taxes, and miscellaneous operating expenses (OpEx). It also includes the purchase and sale of trading securities.Investing activities refer to the funds contributed or acquired from purchasing or selling securities or investments. In such a case, money outflow results from the purchase of property, plant, equipment (PPE), and other investment instruments. Money inflow is generated by selling the possessed securities. Such exchanges exclude securities held for dealing and trading activities.Financing activities primarily include any receipts and payments related to capital. The inflow from financing refers to the raising of capital from equity or long-term debts. It involves cash receipts from issuing common stock, preferred stock, bonds, and various short-term and long-term borrowings. Thus, there are two significant sources of finance—shareholders and creditors.In contrast, money outflow comprises repayment of borrowings, the redemption of bonds, treasury stock repurchases, and payment of dividends. However, indirect borrowing from accounts payable is classified as cash flow from operating activities and not from financing activities.The analysis helps furnish vital information concerning the company's business earnings and helps predict future cash flows. Following are some of the crucial ratios that help check major sources and uses of cash: Free Cash-Flow (FCF): It is the excess money left after paying capital expenditure. It defines the business efficacy of making money from the capital employed. Operating Cash-Flow (OCF): It is money generated by a company's primary business operation. A higher OCF signifies a good liquidity position of the company. Comprehensive Free Money-Flow Coverage: A percentage value is calculated by computing a fraction of FCF and net operating cash flow and multiplying it by 100. A positive percentage is better in this case as well. Current Liability Coverage Ratio: This ratio is computed as the fraction of cash-flow from operations and current liabilities. It determines the company's ability to pay off its current liabilities with the cash flow from operations. Therefore, a ratio below 1:1 is not acceptable. Price to Money-Flow Ratio: To determine this ratio, the operating cash flow per share is divided by the stock price. It thus ascertains a company's worth from the shareholder's perspective. Money-Flow Margin Ratio: It is a ratio of cash flow from operations and sales. It, therefore, equates to sales generated per dollar. Cash Flow to Net Income Ratio: It is the ratio of a firm's net cash-flow and net income. It represents the amount of cash and cash equivalents consumed for providing a certain net income. A ratio of 1:1 is considered ideal. Net cash flow indicates the increase or decrease in the cash and cash equivalents within an accounting period. The formula is as follows:OrLet us assume that XYZ Ltd. made the following money-flow statement for the year ending December 31, 2018:Inter Ikea GroupFurniture giant IKEA's cash flow for the financial year 2021 ending on August 31, 2021, is as follows:The business's profit or net income is the money earned by the company during a specific accounting period—as recorded in the book of accounts. It is the value acquired by deducting all the expenses from the revenue. On the contrary, cash-flow is the inward and outward movement of money from the business. It provides the closing cash balance of the firm after deducting all money outflows from money inflows.Profits give an overview of the business performance in terms of sales; cash flowrepresents the efficiency of handling money. These two metrics don't need to provide similar results. It can be possible for a company with a positive cash flow position to have low profitability. Similarly, a company with higher profits can generate a negative cash flow.Moreover, the purposes of these two metrics are significantly different. On the one hand, profits are essential for attaining business goals. Money-flow on the other hand helps smooth operations without capital crunch in the short term—a measure of liquidity.How is cash flow calculated? The formula used for computing the net cash flow of a company is as follows: Net Money-Flow = Total Cash Inflows - Total Cash Outflows, or,Net Money-Flow = CFO + CFI + CFF. What is the purpose of the cash flow statement? A cash flow statement mirrors the company's efficiency in managing its cash and cash equivalents—pertaining to a particular accounting period. It represents the incoming and outgoing money from the business and the net cash balance at the end of the period. How to manage cash flow? Following are some of the best cash-flow management practices:• Prepare a cash flow budget;• Maintain cash reserves;• Monitor money outflows;• Reduce expenses.• Increase sources of money inflows;• Keep a check over excess inventory; and• Streamline the process of cash flow. ArticleWhat is cash flow and why is it important for you small business? Understand the formula, statements, management, forecasting and the difference between cash flow and profit.The term cash flow refers to the net balance of money that moves into and out of your business over a set period. When cash flow is said to be positive, more money is coming in than going out. When cash flow is negative, more money is being spent than received.Ensuring a healthy positive cash flow helps keep your business solvent. It ensures you can pay bills and wages and meet your future business objectives. Cash flow management allows you to anticipate and plan for any cash shortfalls and capitalise on spells of positive cash flow.Net cashflow = total cash inflows – total cash outflowsA cash flow statement tracks how much money your business brought in over a set period, and how much was spent. The figure at the bottom of the statement is your total net cash flow. If it is positive, cash flow increased over the period; if it's negative, more cash was spent than received. Cash flow statements offer a true reflection of cash movements in your business over time. They differ from profit and loss accounts (which show profitability) and balance sheets (which provide a snapshot of your business value at a particular moment). Together, these are useful indicators of the health of your business, for you and for potential funders and investors.The proper management of cash flow helps your business pay your employees, retain suppliers, and ensure your customers get the service they expect. Create cash flow statements and projections Generate cash flow statements on a regular basis to ensure you can get an accurate picture of the current status of your cash flow. Create cash flow projections which consider the likely future growth of your business as well as increases in prices such as rent, staff pay, equipment or raw materials. Projections should reflect any seasonal fluctuations in your target market and expected changes to your broader trading environment. Calculate revenue income Estimate how much you will bring in from sales, considering the payment periods of your customer base. For example, you many generate immediate income via the sale of goods or rely on customers to pay invoices over an extended period, typically 30 or 60 days. Improving your cash flow Prepare a cash flow forecast for the next three months or longer, listing the due date for any cash receipts and balancing them against planned business expenses. Identify any periods of projected negative cash flow to help plan ahead. Ensure that your bookkeeping is up to date to help create an accurate forecast and ensure that your credit control processes allow for the timely collection of payments.   Preventing cash shortfall You can help prevent a cash flow shortfall by separating out the expenses required to ensure the daily running of your business from those required to meet your growth ambitions. This provides a stronger understanding of which cash flows are essential to business operations, and which can be cut back on in times of restricted cash flow. Create a budget that has the flexibility to grow or shrink, depending on your cash flow situation. Include a buffer amount to cover unexpected events such as sudden price hikes, the loss of a major customer or economic turbulence. It is also important to build up enough cash reserves to support your business through at least three to six months of operating expenses, depending on your business needs, in order to survive through volatile economic periods. There are three main types of cash flow your business may need to cover: operating activities, investment activities and financing activities.Operating activities is the cash flow generated by the production and sale of the goods or services of a business.Investment activities relate to the purchase and sale of investment assets such as stocks and bonds, real estate or equipment.Financing activities relate to the money used to fund a company's activities, such as the issuing of stocks, the borrowing of money, repurchasing of shares and debt repayments.The combined incomings and outgoings from operating, investment and financing activities are detailed on a company's cash flow statement and used to calculate total net cash flow.Effective cash flow forecasting helps businesses identify any potential cash flow challenges, stay on top of liquidity requirements, plan for future growth, and create a clear picture of the financial health of your business – so you could make informed business decisions. Having a well-prepared cash flow forecast can help you secure financing from lenders, who use this information to assess your borrowing risk profile HSBC UK's My Business Finances1 provides free accounting tools including invoice generation, automatic spending categorisation, estimated profit, loss and tax reports, and a single view of your finances.Free cash flow (FCF) is a measure of financial performance that shows how much money the company has left over to expand the business or return to shareholders after paying dividends , buying back stock, or paying off debt.Unlevered free cash flow (ULFCF) measures the gross FCF generated by a company before taking interest payments into account.Cash flow to net income ratioThis is the ratio of a firm's net cash flow and net income, with an optimum goal of 1:1.Current liability coverage ratioThis ratio assesses the company's ability to cover its current liabilities with the cash flow from operations.Here, the operating cash flow per share is divided by the stock price.Sustained positive cash flows shows your business is in good financial health.While negative cash flow can indicate financial challenges, it can also be a result of investment in improving operations, enhancing products or investing in growth.FCF represents the cash you have available after deducting operating expenses and asset purchases. Positive free cash flow can help pay off debt, remunerate stakeholders and re-invest in your business.Operating cash flow margin ratioMeasures cash received from sales revenue as a percentage of sales revenue from a given period.Cash flow to net income ratioAn important financial measure for comparing free cash flow to net income that provides a measure of the true profitability of a business.A comparison of a company's stock value per share against its operating cash flow.Company A receives £175,000 from a combination of sales, debt and stock issuances over a three-month period. It also expends £130,000 in expenses such as wages, capital expenditure and dept repayments. We could calculate its cash flow as follows: Cash inflow = £175,000 Cash outflow = £130,000 Net cash flow = £45,000 Cash flow formula Cash inflow (£175,000) - Cash outflow (£130,000) = Net cash flow (£45,000). Company A can be said to be in a positive cash flow situation during this period.Let's say company B earns £15,000 in cash inflow in a certain period yet spends £20,000 in order to invest in developing its products and hiring crucial skilled labour. Here's how we would calculate its cash flow situation: Cash inflow = £15,000 Cash outflow = £20,000 Net cash flow = £-5,000 Cash flow Formula Cash inflow (£15,000) - Cash outflow (£20,000) = Net cash flow (£-5,000). Company B can be said to be in a negative cash flow situation during this period. However, this is anticipated to be a temporary measure aimed at delivering long-term growth.Cash flow and profit provide different measures of the health of a business. While cash flow sets out the way money moves in and out of your business over a particular time, profit is your financial gain after deducting all your expenses from your revenue. A business may be profitable yet struggle to maintain a healthy cash flow – for example, because creditors are slow to pay. Equally, a business might enjoy strong cash flow but miss profitability while it pays off loans.Small businesses are not required to issue a cash flow statement, but potential funders or investors are likely to request one.Open an account with us today and gain access to: Free banking for 12 months2 Business borrowing solutions are also available to suit you3 For eligible startups, small businesses and switchersStarting a businessEnsure Sufficient Cashflow As a business owner or founder, few metrics are as important to you as cash flows. You want to make sure you're generating enough cash to pay your bills and take care of other obligations. The cash flow statement provides a summary of your inflows and outflows, providing important insights into the stability of your operations and a better understanding of where your cash comes from and goes. In this article, we'll cover how to make a cash flow statement using the direct and indirect methods, explore the differences between these two approaches, and provide additional insights to help you understand the importance of this financial statement.What is a Cash Flow Statement?The cash flow statement is one of the key financial statements that businesses prepare to report their financial position and performance over a certain period of time, alongside the income statement and the balance sheet. Specifically, the statement of cash flows is meant to show the business's different sources and uses of funds. In other words, it provides a breakdown of where the company's cash is coming from and what they're spending it on. For instance, the cash flow statement will help show whether the money the company uses comes from its operations or whether it's funded by debt or external investors. Compared to the income statement, which reports income and expenses on an accrual basis, the cash flow statement provides visibility into the company's actual cash positioning at the time the statement is prepared. Importance of Cash Flow StatementsAll prepared financial statements provide business leaders and external stakeholders with key insights about the business's financial positioning. The cash flow statement, in particular, helps reflect the company's ability to generate funds from its operations and how efficiently it manages these funds thereafter. In-house teams might use the cash flow statement to inform short-term purchasing decisions or plan long-term strategic initiatives. Similarly, investors may analyze the this statement to determine the financial health of the business and gauge whether it's stable enough and produces enough cash flow to provide a potential return. Additionally, publicly traded companies must file a cash flow statement with the Securities and Exchange Commission (SEC) to meet reporting requirements. Reach out to Bob's Bookkeepers for tailored tax and accounting support, including help preparing your cash flow statement. Key Components of a Cash Flow StatementThere are three main sections to a cash flow statement. This includes operating activities, investing activities, and financing activities. Here's a quick look at each: Operating activities: Provides a summary of what the company generates from its core business activities, like selling its products or services, and the cash that's used to support them, like purchasing inventory or producing goods. Investing activities: Shows how much the company generates from long-term investments and any cash it earns from selling fixed assets. Financing activities: Summarizes the cash a business receives from investors and creditors and also what it uses to repay debts, pay out dividends, etc. Direct vs. Indirect Methods of Cash Flow CalculationAs mentioned above, there are two cash flow statement formats that businesses can use — the direct method and the indirect method. Importantly, these two methods only apply to the operating activities section of the statement. The investing and financing activities sections are prepared the same way with either method. Regardless of the format you choose, it will result in the same net cash flow value. However, the individual components and steps used to prepare the statement will vary between the two, and there are plenty of reasons why business leaders might choose one over the other. We'll now make a more in-depth comparison of the two methods so you can better understand which might be best for your business. Direct Method Cash Flow StatementThe direct method for preparing the operating section of a cash flow statement may also be referred to as the income statement method. As the name might suggest, this method uses the individual transactions that directly impacted the business's cash account during the period. In other words, when the business receives payment from a customer for an order of goods or services, this is considered an inflow. This differs from the accrual-based standards used on the income statement, which requires businesses to record a sale as soon as it's earned, even if they haven't received the payment for it yet. Additionally, cash outflows are only recorded when the business sends the payment to its suppliers or vendors. The direct method lists out each inflow and outflow during the period. The difference between the two shows the net operating cash flow the company produced or used.Pros of the Direct MethodIt may provide a more accurate summary of the company's operating cash inflows and outflows for the reporting period since it's directly built from the actual transactions the business completed. Teams may like the added transparency and visibility the direct method provides, as they can clearly see a summary of each transaction that impacted the cash balance during the period. It may be easier for teams to optimize cash flows when the direct method is used to prepare the statement, as teams can more easily pinpoint which use of cash is weighing on the net cash flow value. Cons of the Direct MethodIt may be a bit more tedious and time-consuming to prepare, as teams will need to record each inflow and outflow that occurred during the reporting period. The tedious and complex nature of the direct method may open up more room for potential errors, as one missed transaction will impact the accuracy of the final net cash flow calculation. It will be harder for teams to scale the direct method as they grow and incur more inflows and outflows, and taking the time to review each cash-based transaction may not be practical or a good use of the team's time. Who is the Direct Method Best for?When might a company choose to use the direct method? It might be a good option for companies that use cash-based accounting for their reporting. Many companies, especially those that are publicly traded, follow accrual-based accounting standards. Thus, the direct method is not as commonly used as the indirect method, as we'll cover below. The direct method may provide more granular information about where the company's operating cash flow stems from. However, it's also more tedious and time-consuming to prepare, as you'll need to go through each transaction individually. For this reason, it may be best for small businesses that complete few transactions Indirect Method Cash Flow StatementThe other option for building this statement is the indirect method. In comparison to the direct method, the indirect approach is not concerned with each individual transaction that impacts the cash balance. Instead, it backs into the net cash flow value indirectly by reconciling the net income with non-cash transactions during the period. This typically includes changes to balance sheet items that did not require the actual outflow or inflow, like: An increase or decrease in asset or liability accountsAn increase or decrease in accounts payable or accounts receivableDepreciation expenseSo, rather than tracking down each cash-based transaction, all teams need to produce the cash flow statement with the indirect method are the other two financial statements. Pros of the Indirect MethodIt's a widely used method, since it's best suited for the large number of companies that use accrual-based accounting. It supports compliance with reporting requirements for publicly-traded companies, which the direct method does not. It's not as tedious or resource-intensive as the direct method, as teams don't need to track each individual inflow or outflow. This method is much more scalable and streamlined, as it requires the same amount of work no matter how many transactions the company makes in a period. Cons of the Indirect MethodIt may not provide as granular details about the company's operating activities, as it finds the net cash flow value indirectly instead of using the actual transactions that affected the company's cash balance. It can be difficult for teams to point to the specific sources or uses of cash that they'd like to optimize for better cash flows, as these details are not provided with the indirect method. This method may not be totally accurate in representing the exact timing of inflows or outflows and the current cash positioning, as it's not based on the actual transactions. Who is the Indirect Method Best for?The indirect method is most commonly used among businesses that follow accrual-based accounting, which public companies are required to use. Even if these companies use the direct method to prepare the statement internally, they'll also have to prepare it using the indirect method to meet reporting requirements. It is also the preferred method by the International Financial Reporting Standards (IFRS). Thus, both small businesses and large firms alike can use the indirect method for preparing a statement of cash flow. Plus, the indirect method is also considered the easier and more straightforward of the two. So, companies that don't have a ton of resources or accounting expertise in-house might be drawn to this method. How Do Cash Flow Statements Work with Other Financial Statements?The cash flow statement is one of the three core financial statements that businesses prepare, including the balance sheet and the income statement. Of the three, the cash flow statement is typically produced last. This is especially the case for teams that use the indirect method, as they'll need the net income from the income statement and the changes to balance sheet accounts to prepare the statement.However, if you're using the direct method, you don't necessarily need to have the others prepared beforehand. It may help with identifying cash-based transactions, though it's not necessary like with the indirect method. How to Prepare a Cash Flow StatementThe steps you take to prepare this statement will look differently depending on the method you select. Below, we'll provide an overview of the formulas for both methods. Direct MethodAs a reminder, the direct method finds the net cash flow by considering each cash-based transaction from operating activities during the reporting period. This is a basic format for the direct method: + Cash Inflows from Operating Activities – Cash Outflows from Operating Activities____________________ = Net Cash from Operating ActivitiesWhen preparing the statement with this method, you'll need to parse through each transaction that affects the cash balance. From there, you'll add up the total outflows, the total inflows, and find the difference between them to come up with the net cash flow from operating activities. Then, you'll combine this with the sections for investing and financing activities to prepare the full statement. Indirect MethodHere is the formula for the indirect method of a cash flow statement: Net Income + Non-Cash Expenses+/– Changes to Short-Term Assets & Liabilities+/– Changes to Long-Term Assets & Liabilities____________________ = Net Cash from Operating ActivitiesThe starting point for the indirect method is the net income, which you'll find on the prepared income statement. Then, you'll need to add back non-cash expenses, like depreciation and amortization, since these didn't require an actual exchange of cash. You'll also need to take some time to consider changes to current assets and liabilities that didn't impact cash, which is typically accounts payable and receivable. The rules here can be a little tricky at first, but thinking through their impact on the cash balance can be helpful:Add back any decreases to current assetsSubtract any increases to current assetsAdd back any increases to current liabilitiesSubtract any decreases to current liabilitiesFinally, you'll also need to make adjustments for changes in long-term assets and liabilities, using the same rules as above for either type of account. To find the net cash flow from operating activities, make the appropriate additions or subtractions from the net income value to reconcile for all non-cash transactions. Example of a Cash Flow Statement – Indirect MethodThe following is a sample statement using the popular indirect method: Example of a Cash Flow Statement – Direct MethodUsing the same values as above, here's what the cash flow statement would look like prepared with the direct method. Keep in mind, the only difference between the two methods is how the cash flow from operating activities are prepared. Positive vs. Negative Cash FlowWhen reviewing a company's cash flow statement, a positive value indicates that the inflows outweighed the outflows for the period. In other words, more cash was generated than was used, and the company has a surplus. In contrast, a negative cash flow would indicate that the company used more money than it received, and may have had to dig into its reserves to cover its obligations. There may be reasons why a company's cash flows are negative temporarily, like after making a large investment or capital purchase. However, all things considered equal, companies generally strive for a positive cash flow. Common Misconceptions about Cash Flow StatementsCash flow statements can provide important information to business leaders and external stakeholders about the health of the operations and the actual cash positioning. However, there are some common misconceptions to be aware of: A company that generates a positive cash flow isn't necessarily profitable. The statement doesn't consider all income and expenses, only the actual exchange of cash. It's not always ideal to have high cash flows. It may mean the company is engaged in unsustainable practices, like prolonging paying suppliers. Cash flow statements aren't just valuable to large businesses. Small companies and startups can get just as much from a cash flow statement to inform strategic planning and purchasing decisions. ConclusionPreparing a cash flow statement is an essential part of financial reporting. It keeps you compliant with relevant reporting requirements, and provides important insights into your cash positioning. If you still have questions about this statement and how to prepare it for your business, an expert team like Bob's Bookkeepers has you covered. We have decades of experience working for companies in your industry, so we understand the unique considerations and nuances to ensure accurate reporting. Contact us at Bob's Bookkeepers to offload your accounting and bookkeeping tasks today. Cash flow statements are also required by certain financial reporting standards. What makes a cash flow statement different from your balance sheet is that a balance sheet shows the assets and liabilities your business owns (assets) and owes (liabilities). The cash flow statement simply shows the inflows and outflows of cash from your business over a specific period of time, usually a month. Let's take a closer look at what cash flow statements do for your business, and why they're so important. Then, we'll walk through an example cash flow statement, and show you how to create your own using a template.What is the purpose of a cash flow statement?A cash flow statement is a regular financial statement telling you how much cash you have on hand for a specific period.While income statements are excellent for showing you how much money you've spent and earned, they don't necessarily tell you how much cash you have on hand for a specific period of time.Cash flow statement vs. balance sheetA balance sheet shows you your business's assets, liabilities, and owner's equity at a specific moment in time—typically at the end of a quarter or a year. What it doesn't show is revenue or expenses, or any of the business's other cash activities that impact your company's day-to-day health. Those activities are recorded on your cash flow statement. Cash flow statement vs. income statementUsing only an income statement to track your cash flow can lead to serious problems—and here's why. If you use accrual basis accounting, income and expenses are recorded when they are earned or incurred—not when the money actually leaves or enters your bank accounts. (The cash accounting method only records money once you have it on hand. Learn more about the cash vs. accrual basis systems of accounting.)So, even if you see income reported on your income statement, you may not have the cash from that income on hand. The cash flow statement makes adjustments to the information recorded on your income statement, so you see your net cash flow—the precise amount of cash you have on hand for that time period.For example, depreciation is recorded as a monthly expense. However, you've already paid cash for the asset you're depreciating; you record it on a monthly basis in order to see how much it costs you to have the asset each month over the course of its useful life. But cash isn't literally leaving your bank account every month.The cash flow statement takes that monthly expense and reverses it—so you see how much cash you have on hand in reality, not how much you've spent in theory.Why do you need cash flow statements?So long as you use accrual accounting, cash flow statements are an essential part of financial analysis for three reasons:They show your liquidity. That means you know exactly how much operating cash flow you have in case you need to use it. So you know what you can afford, and what you can't.They show you changes in assets, liabilities, and equity in the forms of cash outflows, cash inflows, and cash being held. Those three categories are the core of your business accounting. Together, they form the accounting equation that lets you measure your performance.They let you predict future cash flows. You can use cash flow statements to create cash flow projections, so you can plan for how much liquidity your business will have in the future. That's important for making long-term business plans.On top of that, if you plan on securing a loan or line of credit, you'll need up-to-date cash flow statements to apply.Negative cash flow vs. positive cash flowWhen your cash flow statement shows a negative number at the bottom, that means you lost cash during the accounting period—you have negative cash flow. It's important to remember that long-term, negative cash flow isn't always a bad thing. For example, early stage businesses need to track their burn rate as they try to become profitable.When you have a positive number at the bottom of your statement, you've got positive cash flow for the month. Keep in mind, positive cash flow isn't always a good thing in the long term. While it gives you more liquidity now, there are negative reasons you may have that money—for instance, by taking on a large loan to bail out your failing business. Positive cash flow isn't always positive overall.Where do cash flow statements come from?If you do your own bookkeeping in Excel, you can calculate cash flow statements each month based on the information on your income statements and balance sheets. If you use accounting software, it can create cash flow statements based on the information you've already entered in the general ledger.Keep in mind, with both those methods, your cash flow statement is only accurate so long as the rest of your bookkeeping is accurate too. The most surefire way to know how much working capital you have is to hire a bookkeeper. They'll make sure everything adds up, so your cash flow statement always gives you an accurate picture of your company's financial health.Statements of cash flow using the direct and indirect methodsIn order to figure out your company's cash flow, you can take one of two routes: The direct method, and the indirect method. While generally accepted accounting principles (US GAAP) approve both, the indirect method is typically preferred by small businesses.The direct method of calculating cash flowUsing the direct method, you keep a record of cash as it enters and leaves your business, then use that information at the end of the month to prepare a statement of cash flow.The direct method takes more legwork and organization than the indirect method—you need to produce and track cash receipts for every cash transaction. For that reason, smaller businesses typically prefer the indirect method.Also worth mentioning: Even if you record cash flows in real time with the direct method, you'll also need to use the indirect method to reconcile your statement of cash flows with your income statement. So, you can usually expect the direct method to take longer than the indirect method.The indirect method of calculating cash flowWith the indirect method, you look at the transactions recorded on your income statement, then reverse some of them in order to see your working capital. You're selectively backtracking your income statement in order to eliminate transactions that don't show the movement of cash.Since it's simpler than the direct method, many small businesses prefer this approach. Also, when using the indirect method, you do not have to go back and reconcile your statements with the direct method.In our examples below, we'll use the indirect method of calculating cash flow.How the cash flow statement works with the income statement and the balance sheetYou use information from your income statement and your balance sheet to create your cash flow statement. The income statement lets you know how money entered and left your business, while the balance sheet shows how those transactions affect different accounts—like accounts receivable, inventory, and accounts payable.So, the process of producing financial statements for your business goes:Income Statement + Balance Sheet = Cash Flow StatementExample of a cash flow statementNow that we've got a sense of what a statement of cash flows does and, broadly, how it's created, let's check out an example.There's a fair amount to unpack here. But here's what you need to know to get a rough idea of what this cash flow statement is doing.Red dollar amounts decrease cash. For instance, when we see ($30,000) next to "Increase in inventory," it means inventory increased by $30,000 on the balance sheet. We bought $30,000 worth of inventory, so our cash balance decreased by that amount.Black dollar amounts increase cash. For example, when we see $20,000 next to "Depreciation," that $20,000 is an expense on the income statement, but depreciation doesn't actually decrease cash. So we add it back to net income.You'll also notice that the statement of cash flows is broken down into three sections—Cash Flow from Operating Activities, Cash Flow from Investing Activities, and Cash Flow from Financing Activities. Let's look at what each section of the cash flow statement does.The three sections of a cash flow statementThese three activities sections of the statement of cash flows designate the different ways cash can enter and leave your business.Cash Flow from Operating Activities is cash earned or spent in the course of regular business activity—the main way your business makes money, by selling products or services.Cash Flow from Investing Activities is cash earned or spent from investments your company makes, such as purchasing equipment or investing in other companies.Cash Flow from Financing Activities is cash earned or spent in the course of financing your company with loans, lines of credit, or owner's equity.Using the cash flow statement example above, here's a more detailed look at what each section does, and what it means for your business.Cash Flow from Operating ActivitiesFor most small businesses, Operating Activities will include most of your cash flow. That's because operating activities are what you do to get revenue. If you run a pizza shop, it's the cash you spend on ingredients and labor, and the cash you earn from selling pies. If you're a registered massage therapist, Operating Activities is where you see your earned cash from giving massages, and the cash you spend on rent and utilities.Cash Flow from Operating Activities in our exampleTaking another look at this section, let's break it down line by line.Net income is the total income, after expenses, for the month. We get this from the income statement.Depreciation is recorded as a $20,000 expense on the income statement. Here, it's listed as income. Since no cash actually left our hands, we're adding that $20,000 back to cash on hand.Increase in Accounts Payable is recorded as a $10,000 expense on the income statement. That's money we owe—in this case, let's say it's paying contractors to build a new goat pen. Since we owe the money, but haven't actually paid it, we add that amount back to the cash on hand.Increase in Accounts Receivable is recorded as a $20,000 growth in accounts receivable on the income statement. That's money we've charged clients—but we haven't actually been paid yet. Even though the money we've charged is an asset, it isn't cold hard cash. So we deduct that $20,000 from cash on hand.Increase in Inventory is recorded as a $30,000 growth in inventory on the balance sheet. That means we've paid $30,000 cash to get $30,000 worth of inventory. Inventory is an asset, but it isn't cash—we can't spend it. So we deduct the $30,000 from cash on hand.Net Cash from Operating Activities, after we've made all the changes above, comes out to $40,000.Meaning, even though our business earned $60,000 in October (as reported on our income statement), we only actually received $40,000 in cash from operating activities.Cash Flow from Investing ActivitiesThis section covers investments your company has made—by purchasing equipment, real estate, land, or easily liquidated financial products referred to as "cash equivalents." When you spend cash on an investment, that cash gets converted to an asset of equal value.If you buy a $10,000 mower for your landscaping company, you lose $10,000 cash and get a $10,000 mower. If you buy a $140,000 retail space, you lose $140,000 cash and get a $140,000 retail space.Under Cash Flow from Investing Activities, we reverse those investments, removing the cash on hand. They have cash value, but they aren't the same as cash—and the only asset we're interested in, in this context, is currency.For small businesses, Cash Flow from Investing Activities usually won't make up the majority of cash flow for your company. But it still needs to be reconciled, since it affects your working capital.Cash Flow from Investing Activities in our examplePurchase of Equipment is recorded as a new $5,000 asset on our income statement. It's an asset, not cash—so, with ($5,000) on the cash flow statement, we deduct $5,000 from cash on hand.Cash Flow from Financing ActivitiesThis section covers revenue earned or assets spent on Financing Activities. When you pay off part of your loan or line of credit, money leaves your bank accounts. When you tap your line of credit, get a loan, or bring on a new investor, you receive cash in your accounts.Cash Flow from Financing Activities in our exampleNotes payable is recorded as a $7,500 liability on the balance sheet. Since we received proceeds from the loan, we record it as a $7,500 increase to cash on hand.Cash flow for the monthAt the bottom of our cash flow statement, we see our total cash flow for the month: $42,500.Even though our net income listed at the top of the cash flow statement (and taken from our income statement) was $60,000, we only received $42,500.That's $42,500 we can spend right now, if need be. If we only looked at our net income, we might believe we had $60,000 cash on hand. In that case, we wouldn't truly know what we had to work with—and we'd run the risk of overspending, budgeting incorrectly, or misrepresenting our liquidity to loan officers or business partners.Using a cash flow statement templateDo your own bookkeeping using spreadsheets? In that case, using a cash flow statement template will save you time and energy.Our Free Cash Flow Statement Template is easy to download and simple to use.How to track cash flow using the indirect methodFour simple rules to remember as you create your cash flow statement:Transactions that show an increase in assets result in a decrease in cash flow.Transactions that show a decrease in assets result in an increase in cash flow.Transactions that show an increase in liabilities result in an increase in cash flow.Transactions that show a decrease in liabilities result in a decrease in cash flow.If you've already gone through the example statement above and you feel like you have a pretty good grasp of how to create a cash flow statement, go ahead and start experimenting with our free templates:Income Statement TemplateBalance Sheet TemplateCash Flow TemplateBut if you'd like to get a clearer idea of how it all works, this quick example should help.Creating a cash flow statement from your income statement and balance sheetLet's say we're creating a cash flow statement for Greg's Popsicle Stand for July 2019.Our income statement looks like this:Note: For the sake of simplicity, this example omits income tax.And our balance sheet looks like this:Remember the four rules for converting information from an income statement to a cash flow statement? Let's use them to create our cash flow statement.Our net income for the month on the income statement is $3,500 — that stays the same, since it's a total amount, not a specific account.Additions to CashDepreciation is included in expenses for the month, but it didn't actually impact cash, so we add that back to cash.Accounts payable increased by $5,500. That's a liability on the balance sheet, but the cash wasn't actually paid out for those expenses, so we add them back to cash as well.Decreases to CashAccounts receivable increased by $4,000. That's an asset recorded on the balance sheet, but we didn't actually receive the cash, so we remove it from cash on hand.Our net cash flow from operating activities adds up to $5,500.Cash Flow from Investing ActivitiesGreg purchased $5,000 of equipment during this accounting period, so he spent $5,000 of cash on investing activities.Cash Flow from Financing ActivitiesGreg didn't invest any additional money in the business, take out a new loan, or make cash payments towards any existing debt during this accounting period, so there are no cash flows from financing activities.Cash Flow for Month Ending July 31, 2019 is $500, once we crunch all the numbers. Greg started the accounting period with $5,500 in cash. After accounting for all of the additions and subtractions to cash, he has $6,000 at the end of the period.—Cash flow statements are powerful financial reports, so long as they're used in tandem with income statements and balance sheets. See how all three financial statements work together. Whether you're a working professional, business owner, entrepreneur, or investor, knowing how to read and understand a cash flow statement can enable you to extract important data about the financial health of a company. If you're an investor, this information can help you better understand whether you should invest in a company. If you're a business owner or entrepreneur, it can help you understand business performance and adjust key initiatives or strategies. If you're a manager, it can help you more effectively manage budgets, oversee your team, and develop closer relationships with leadership—ultimately allowing you to play a larger role within your organization. Not everyone has finance or accounting expertise. For non-finance professionals, understanding the concepts behind a cash flow statement and other financial documents can be challenging. To facilitate this understanding, here's everything you need to know about how to read and understand a cash flow statement. Free Resource: Financial Statement Templates Access your interactive balance sheet, income statement, and cash flow statement templates today. DOWNLOAD NOW What is a Cash Flow Statement? The purpose of a cash flow statement is to provide a detailed picture of what happened to a business's cash during a specified period, known as the accounting period. It demonstrates an organization's ability to operate in the short and long term, based on how much cash is flowing into and out of the business. The cash flow statement is typically broken into three sections: Operating activities Investing activities Financing activities Operating activities detail cash flow that's generated once the company delivers its regular goods or services, and includes both revenue and expenses. Investing activities include cash flow from purchasing or selling assets—think physical property, such as real estate or vehicles, and non-physical property, like patents—using free cash, not debt. Financing activities detail cash flow from both debt and equity financing. Based on the cash flow statement, you can see how much cash different types of activities generate, then make business decisions based on your analysis of financial statements. Ideally, a company's cash from operating income should routinely exceed its net income, because a positive cash flow speaks to a company's ability to remain solvent and grow its operations. It's important to note that cash flow is different from profit, which is why a cash flow statement is often interpreted together with other financial documents, such as a balance sheet and income statement. How Cash Flow Is Calculated Now that you understand what comprises a cash flow statement and why it's important for financial analysis, here's a look at two common methods used to calculate and prepare the operating activities section of cash flow statements. Cash Flow Statement Direct Method The first method used to calculate the operation section is called the direct method, which is based on the transactional information that impacted cash during the period. To calculate the operation section using the direct method, take all cash collections from operating activities, and subtract all of the cash disbursements from the operating activities. Cash Flow Statement Indirect Method The second way to prepare the operating section of the statement of cash flows is called the indirect method. This method depends on the accrual accounting method in which the accountant records revenues and expenses at times other than when cash was paid or received—meaning that these accrual entries and adjustments cause the cash flow from operating activities to differ from net income. Instead of organizing transactional data like the direct method, the accountant starts with the net income number found from the income statement and makes adjustments to undo the impact of the accruals that were made during the period. Essentially, the accountant will convert net income to actual cash flow by de-accruing it through a process of identifying any non-cash expenses for the period from the income statement. The most common and consistent of these are depreciation, the reduction in the value of an asset over time, and amortization, the spreading of payments over multiple periods. Related: Financial Terminology: 20 Financial Terms to Know How to Interpret a Cash Flow Statement Whenever you review any financial statement, you should consider it from a business perspective. Financial documents are designed to provide insight into the financial health and status of an organization. For example, cash flow statements can reveal what phase a business is in: whether it's a rapidly growing startup or a mature and profitable company. It can also reveal whether a company is going through transition or in a state of decline. Using this information, an investor might decide that a company with uneven cash flow is too risky to invest in; or they might decide that a company with positive cash flow is primed for growth. Similarly, a department head might look at a cash flow statement to understand how their particular department is contributing to the health and wellbeing of the company and use that insight to adjust their department's activities. Cash flow might also impact internal decisions, such as budgeting, or the decision to hire (or fire) employees. Cash flow is typically depicted as being positive (the business is taking in more cash than it's expending) or negative (the business is spending more cash than it's receiving). Related: How Learning About Finance Can Jumpstart Your Career No Matter Your Industry Positive Cash Flow Positive cash flow indicates that a company has more money flowing into the business than out of it over a specified period. This is an ideal situation to be in because having an excess of cash allows the company to reinvest in itself and its shareholders, settle debt payments, and find new ways to grow the business. Positive cash flow does not necessarily translate to profit, however. Your business can be profitable without being cash flow-positive, and you can have positive cash flow without actually making a profit. Negative Cash Flow Having negative cash flow means your cash outflow is higher than your cash inflow during a period, but it doesn't necessarily mean profit is lost. Instead, negative cash flow may be caused by expenditure and income mismatch, which should be addressed as soon as possible. Negative cash flow may also be caused by a company's decision to expand the business and invest in future growth, so it's important to analyze changes in cash flow from one period to another, which can indicate how a company is performing overall. Cash Flow Statement Example Here's an example of a cash flow statement generated by a fictional company, which shows the kind of information typically included and how it's organized. Go to the alternative version. This cash flow statement shows Company A started the year with approximately $10.75 billion in cash and equivalents. Cash flow is broken out into cash flow from operating activities, investing activities, and financing activities. The business brought in $53.66 billion through its regular operating activities. Meanwhile, it spent approximately $33.77 billion in investment activities, and a further $16.3 billion in financing activities, for a total cash outflow of $50.1 billion. The result is the business ended the year with a positive cash flow of $3.5 billion, and total cash of $14.26 billion. The Importance of Cash Flow Cash flow statements are one of the most critical financial documents that an organization prepares, offering valuable insight into the health of the business. By learning how to read a cash flow statement and other financial documents, you can acquire the financial accounting skills needed to make smarter business and investment decisions, regardless of your position. Are you interested in gaining a toolkit for making smart financial decisions and the confidence to clearly communicate those decisions to key internal and external stakeholders? Explore our online finance and accounting courses and download our course flowchart to determine which best aligns with your goals. If you want to dive into creating a cash flow statement, download our free financial statement templates to start practicing. Data Tables Company A - Statement of Cash Flows (Alternative Version) Year Ended September 28, 2019 (In millions) Cash and cash equivalents, beginning of the year: $10,746 OPERATING ACTIVITIES Activity Amount Net Income 37,037 Adjustments to Reconcile Net Income to Cash Generated by Operating Activities: Depreciation and Amortization 6,757 Deferred Income Tax Expense 1,141 Other 2,253 Changes in Operating Assets and Liabilities: Accounts Receivable, Net (2,172) Inventories (973) Vendor Non-Trade Receivables 223 Other Current and Non-Current Assets 1,080 Accounts Payable 2,340 Deferred Revenue 1,459 Other Current and Non-Current Liabilities 4,521 Cash Generated by Operating Activities 53,666 INVESTING ACTIVITIES Activity Amount Purchases of Marketable Securities (148,489) Proceeds from Maturities of Marketable Securities 20,317 Proceeds from Sales of Marketable Securities 104,130 Payments Made in Connection with Business Acquisitions, Net of Cash Acquired (496) Payments for Acquisition of Intangible Assets (911) Other (160)

Cash Used in Investing Activities (33,774) FINANCING ACTIVITIES Activity Amount Dividends and Dividend Equivalent Rights Paid (10,564) Repurchase of Common Stock (22,860) Proceeds from Issuance of Long-Term Debt, Net 16,896 Other 149 Cash Used in Financing Activities (16,379) Increase / Decrease in Cash and Cash Equivalents: 3,513 Cash and Cash Equivalents, End of Year: $14,259 Go back to the article.