See Reverse Side for Instructions and Public Comment Information

MONTHLY CASH FLOW PROJECTION

Form Approval:
OMB No. 3245–0019
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NAME OF BUSINESS	ADDRESS	OWNER	TYPE OF BUSINESS	PREPARED BY	DATE

	Pre-Start-up Position		1		2		3		4		5		6		7		8		9		10		11		12		TOTAL Columns 1—12		
YEAR MONTH	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	
1. **CASH ON HAND** (Beginning of month)																													1.
2. **CASH RECEIPTS**																													2.
(a) Cash Sales																													(a)
(b) Collections from Credit Accounts																													(b)
(c) Loan or Other Cash injection (Specify)																													(c)
3. **TOTAL CASH RECEIPTS** (2a + 2b + 2c = 3)																													3.
4. **TOTAL CASH AVAILABLE** (Before cash out) (1 + 3)																													4.
5. **CASH PAID OUT**																													5.
(a) Purchases (Merchandise)																													(a)
(b) Gross Wages (Excludes withdrawals)																													(b)
(c) Payroll Expenses (Taxes, etc.)																													(c)
(d) Outside Services																													(d)
(e) Supplies (Office and operating)																													(e)
(f) Repairs and Maintenance																													(f)
(g) Advertising																													(g)
(h) Car, Delivery, and Travel																													(h)
(i) Accounting and Legal																													(i)
(j) Rent																													(j)
(k) Telephone																													(k)
(l) Utilities																													(l)
(m) Insurance																													(m)
(n) Taxes (Real estate, etc.)																													(n)
(o) Interest																													(o)
(p) Other Expenses (Specify each)																													(p)
(q) Miscellaneous (Unspecified)																													(q)
(r) Subtotal																													(r)
(s) Loan Principal Payment																													(s)
(t) Capital Purchases (Specify)																													(t)
(u) Other Start-up Costs																													(u)
(v) Reserve and/or Escrow (Specify)																													(v)
(w) Owner's Withdrawal																													(w)
6. **TOTAL CASH PAID OUT** (Total 5a thru 5w)																													6.
7. **CASH POSITION** (End of month) (4 minus 6)																													7.
ESSENTIAL OPERATING DATA (Non-cash flow information) A. Sales Volume (Dollars)																													A.
B. Accounts Receivable (End of month)																													B.
C. Bad Debt (End of month)																													C.
D. Inventory on Hand (End of month)																													D.
E. Accounts Payable (End of month)																													E.
F. Depreciation																													F.

GUIDELINES

GENERAL

Definition: A cash flow projection is a forecast of cash funds* a business anticipates receiving, on the one hand, and disbursing, on the other hand, throughout the course of a given span of time, and the anticipated cash position at specific times during the period being projected.

Objective: The purpose of preparing a cash flow projection is to determine deficiencies or excesses in cash from that necessary to operate the business during the time for which the projection is prepared. If deficiencies are revealed in the cash flow, financial plans **must** be altered either to provide more cash by, for example, more equity capital, loans, or increased selling prices of products, or to reduce expenditures including inventory, or allow less credit sales until a proper cash flow balance is obtained. If excesses of cash are revealed, it might indicate excessive borrowing or idle money that could be "put to work." The objective is to **finally** develop a plan which, if followed, will provide a well-managed flow of cash.

The Form: The cash flow projection form provides a systematic method of recording estimates of cash receipts and expenditures, which can be compared with actual receipts and expenditures as they become known—hence the two columns, Estimate and Actual. The entries listed on the form will not necessarily apply to every business, and some entries may not be included which would be pertinent to specific businesses. It is suggested, therefore, that the form be adapted to the particular business for which the projection is being made, with appropriate changes in the entries as may be required. Before the cash flow projection can be completed and pricing structure established, it is necessary to know or to estimate various important factors of the business, for example: What are the direct costs of the product or services **per unit?** What are the monthly or yearly costs of the operation? What is the sales price per unit of the product or service? Determine that the pricing structure provides this business with reasonable breakeven goals (including a reasonable net profit) when conservative sales goals are met. What are the available sources of cash, other than income from sales; for example, loans, equity capital, rent, or other sources?

Procedure: Most of the entries for the form are self-explanatory; however, the following suggestions are offered to simplify the procedure:

(A) Suggest even dollars be used rather than showing cents.

(B) If this is a new business, or an existing business undergoing significant changes or alterations, the cash flow part of the column marked "Pre-start-up Position" should be completed. (Fill in appropriate blanks only.) Costs involved here are, for example, rent, telephone, and utilities deposits before the business is actually open. Other items might be equipment purchases, alterations, the owner's cash injection, and cash from loans received before actual operations begin.

(C) Next fill in the pre-start-up position of the essential operating data (non-cash flow information), where applicable.

(D) Complete the form using the suggestions in the partial form below for each entry.

CHECKING

In order to insure that the figures are properly calculated and balanced, they must be checked. Several methods may be used, but the following four checks are suggested as a minimum:

CHECK #1: Item #1 (Beginning Cash on Hand—1st Month) plus Item #3 (Total Cash Receipts — Total Column) minus Item #6 (Total Cash Paid Out—Total Column) should be equal to Item #7 (Cash Position at End of 12th Month).

CHECK #2: Item A (Sales Volume—Total Column) plus Item B (Accounts Receivable—Pre-start-up Position) minus Item 2(a) (Cash Sales—Total Column) minus Item 2(b) (Accounts Receivable Collection—Total Column) minus Item C (Bad Debt—Total Column) should be equal to Item B (Accounts Receivable at End of 12th Month).

CHECK #3: The horizontal total of Item #6 (Total Cash Paid Out) is equal to the vertical total of all items under Item #5 (5(a) through 5(w)) in the total column at the right of the form.

CHECK #4: The horizontal total of Item #3 (Total Cash Receipts) is equal to the vertical total of all items under #2 (2(a) through 2(c)) in the total column at the right of the form.

ANALYZE the correlation between the cash flow and the projected profit during the period in question. The estimated profit is the **difference** between the estimated change in assets and the estimated change in liabilities before such things as any owner withdrawal, appreciation of assets, change in investments, etc. (The change may be positive or negative.) This can be obtained as follows:

The **change in assets** before owner's withdrawal, appreciation of assets, change in investments, etc., can be computed by adding the following:

(1) Item #7 (Cash Position—End of Last Month) minus Item #1 (Cash on Hand at the Beginning of the First Month).

(2) Item #5 (t) (Capital Purchases—Total Column) minus Item F (depreciation—Total Column).

(3) Item B. (Accounts Receivable—End of 12th Month) minus Item B (Accounts Receivable—Pre-start-up Position).

(4) Item D. (Inventory on Hand—End of 12th Month) minus Item D (Inventory on Hand—Pre-start-up Position).

(5) Item #5 (w) (Owner's withdrawal—Total Column) or dividends, minus such things as an increase in investment.

(6) Item #5 (v) (Reserve and/or Escrow—Total Column).

The **change in liabilities** (before items noted in "change in assets") can be computed by adding the following:

(1) Item 2(c) (Loans—Total Column) minus 5(s) (Loan Principal Payment—Total Column).

(2) Item E (Accounts Payable—End of 12th Month) minus E (Accounts Payable—Pre-start-up Position).

ANALYSIS

A. The cash position at the end of each month should be adequate to meet the cash requirements for the following month. If too little cash, then additional cash will have to be injected or cash paid out must be reduced. If there is too much cash on hand, the money is not working for your business.

B. The cash flow projection, the profit and loss projection, the breakeven analysis, and good cost control information are tools which, if used properly, will be useful in making decisions that can increase profits to insure success.

C. The projection becomes more useful when the estimated information can be compared with actual information as it develops. It is important to follow through and complete the actual columns as the information becomes available. Utilize the cash flow projection to assist in setting new goals and planning operations for more profit.

Please Note: Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Chief, Administrative Information Branch, William A. Cline, Room 200 U.S. Small Business Administration, 1441 L St., NW Washington, DC 20416; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

* Cash funds, for the purpose of this projection, are defined as cash, checks, or money order, paid out or received.

1. CASH ON HAND (Beginning of month)	Cash on hand same as (7), Cash Position Previous Month
2. CASH RECEIPTS (a) Cash Sales	All cash sales. Omit credit sales unless cash is actually received.
(b) Collections from Credit Accounts	Amount to be expected from all credit accounts.
(c) Loan or Other Cash injection	Indicate here all cash injections not shown in 2(a) or 2(b) above. See "A" of "Analysis"
3. TOTAL CASH RECEIPTS (2a + 2b + 2c = 3)	Self-explanatory
4. TOTAL CASH AVAILABLE (Before cash out) (1 + 3)	Self-explanatory
5. CASH PAID OUT (a) Purchases (Merchandise)	Merchandise for resale or for use in product (paid for in current month)
(b) Gross Wages (Excludes withdrawals)	Base pay plus overtime (if any)
(c) Payroll Expenses (Taxes, etc.)	Include paid vacations, paid sick leave, health insurance, unemployment insurance, etc. (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—include telephone book yellow page cost
(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 (See 5(p) for other rentals)
(k) Telephone	Self-explanatory
(l) Utilities	Water, heat, light, and/or power
(m) Insurance	Coverages on business property and products e.g. fire, liability; also workman's compensation, fidelity, etc. Exclude "executive life (include in "5W").
(n) Taxes (Real estate, etc.)	Plus inventory tax—sales tax—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)	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 not 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, vehicle purchases, and leasehold improvements
(u) Other Start-up Costs	Expenses incurred prior to first month projection and paid for after the "start-up" position
(v) Reserve and/or Escrow (Specify)	Example: insurance, tax, or equipment escrow to reduce impact of large periodic payments
(w) Owner's Withdrawal	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 (Total 5a thru 5w)	Self-explanatory
7. CASH POSITION (End of month) (4 minus 6)	Enter this amount in (1) Cash on Hand following month—See "A" of "Analysis"
ESSENTIAL OPERATING DATA (Non-cash flow information)	This is basic information necessary for proper planning and for proper cash flow-projection. In conjunction 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 performed—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 of month)	Bad debts should be subtracted from (B) in the month anticipated
D. Inventory on Hand (End of 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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