Managing Cash Flow

This workbook is not designed to be your only guide to small business money management. A much wider range of resources is available to you, and we strongly recommend you make use of them--everything from books and other publications to professional organizations and associations to workshops and training sessions.

The Washington Small Business and Technology Development Center, administered by the Washington State University, does not--and cannot--assure that your business will be successful as a result of implementing the steps outlined in this workbook.

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Introduction

Do you understand how your cash comes and goes?
Do you know what your cash balance will be before it is too late?
Can you make a cash plan for next month or next year?
The tools to answer these and other questions are provided for you in this workbook.

As you navigate the frequently uncharted pathways of small business ownership, one of the most important responsibilities facing you is the ability to understand the cash requirements of your business. You must make this week's payroll, pay for a large shipment of inventory, pay your payroll and sales taxes, etc. These tasks are most likely the ones you are least prepared to accomplish. The result, then, is you are unable or unwilling to make a plan concerning your business's requirement for cash and its ability to meet that requirement.

You must have the confidence to understand that cash management and forecasting are not "mystical arts" practiced behind closed doors with chants and incantations. It is based on solid common sense and logic combined with a good understanding of your business's finances and financial statements. What you must do is build upon your understanding of your business financial statements and financial operations and learn a few simple concepts that will be presented to you in this workbook. Let's work together to develop an approach to cash flow management that you can understand and use.

The five topics of cash budgeting and forecasting are:

Definition - What is a cash forecast?
Purpose - Why do you need a forecast?
Time Horizon - What are your forecast period options?
Prerequisite - What must you have in place for a successful cash forecast?
Format - How should you organize your forecast?

We will consider each of these topics individually and build the foundation of understanding necessary for you to take control of your cash. When we have completed the foundation, we will consider a logical starting point.

Definition - What is a Cash Forecast?

So that you can prepare a cash forecast for your business and understand the concepts of forecasting, we must establish a good definition and consider several points that are included within the definition.

A cash forecast (budget) is a presentation of cash results based upon assumptions about conditions and actions expected to exist or occur during the forecast period.

Contained within the above definition there are four points to understand.

1. The time period (forecast period) for making your plan and cash forecast must be defined. Options will be discussed later.

2. Certain assumptions about what is going to happen must be made and documented to project the cash result. Making assumptions about what is going to happen in the future is a little scary for some small business people. Imagine taking the time to think about the future and making assumptions such as "sales will grow by 4 percent next year," or "I must add an employee next year, which will cost $XX in salaries, taxes and fringe benefits." This is where you begin to determine if you are serious about your business and forecasting. If you are willing and able to think ahead and make plans and assumptions, you are taking a giant step toward the goal of taking control of the cash flow of your business.

3. To be complete and understandable, a cash forecast must be prepared in written form, so you can review it, edit it and correct it. It may seem easier to "come up with a number" with your calculator, but by doing so, you will not have provided an organized way to evaluate what you did so you can improve.

4. Specific actions based upon your assumptions must be taken to cause your plans and goals to come to life. This is called "active management." If you want something to occur in your business and make your plans based upon that assumption, you should take definitive steps or actions to cause your plan to become reality.

To summarize this definition, first define your forecast period, and then make assumptions about what is going to happen; next make a written presentation of your forecast, and then take specific actions to cause the plan to happen.

Purpose - Why Do You Need a Forecast?

You need a forecast to ensure that you do not spend more cash than you have or expect to have. But for planning purposes you need to consider a few more points:

1. To ensure that the cash balance always remains above zero (or a desired minimum level),

2. To predict when cash levels will rise sufficiently above minimums to facilitate investment of idle balances.

Establish what your minimum acceptable cash balance is, whether that number is zero or some minimum positive balance that is logical for your business. Then go through the forecasting process to see if your plans and expected actions will keep you above that minimum standard. This is the first step in cash forecasting.

After forecasting successfully for a period of time, many businesses are able to switch their frame of reference to the second point listed above. If you are able to manage successfully and keep sufficient positive balances in your accounts, then you can make plans to use idle cash balances as a short-term investment pool for additional profit.

To summarize, the purpose of the forecast is to try your plan out on paper to see what the cash effect will be before you actually commit yourself to a course of action. Wouldn't it be nice to realize you were going to need more cash before it was too late and you missed a payroll or a payroll tax deposit? And better yet, if you will have unused cash balances, you can use low-risk, short-term investments to increase profit margins.

There are many good results that can come from regular use of cash forecasting techniques. Some of the more common are listed below.

- Anticipating Short-Term Financing Needs
- Financing Seasonal Business Fluctuations
- Planning Debt Reductions
- Planning Capital Expenditures (Equipment purchases)
- Taking Advantage of Cash Discounts
- Planning Inventory Purchases
- Evaluating/Designing Credit Policies
- Planning Long-Term Financing
- Increasing Investment Income

Incorporating one or more of the above items into your forecast will also enable you to estimate the cash effect before you actually commit yourself. Frequently, however, your need for a cash forecast does not revolve around a major event but is to determine what will result from day-to-day operations. This process is called planning for short-term cash needs and will be considered more fully later.

Special Discussion - Pay Your Taxes!

As small businesses struggle with cash needs and try to operate with insufficient working capital and cash balances, they often find themselves unable to meet all of their cash requirements. Too often they choose the undesirable option of not making payroll tax deposits or not paying state sales tax. This is the worst thing that can be done in the face of inadequate cash balances.

First, both the federal and state tax authorities will assess penalties and interest for not paying taxes. For federal payroll tax deposits, the penalty on late deposits is 10 percent of the un-deposited tax. That is not calculated as an annual interest rate, but is a flat 10 percent of the unpaid tax for each tax deposit that is late!

Second, both the state and federal tax authorities have the authority to file a tax lien against your business and against you personally if necessary. A tax lien is a public document that will inhibit your ability to obtain credit and will show on your credit report.

Third, the federal tax code authorizes the IRS to assess you personally a penalty equivalent to 100 percent of the unpaid payroll tax if your business is unable to pay the tax.

Finally, the IRS has the authority, and will use it if necessary, to levy your bank account -- business or personal -- to collect the debt. The state will send a warrant to the sheriff's department, who will "come to see you and collect."

When money gets tight it is often tempting to skip paying a tax until "things get better."Simple advice: Pay federal and state taxes when due. You cannot afford the penalties and you do not want the grief they can cause you and your business.

Time Horizon - What Are Your Forecast Period Options?

This is a simple but important concept. As noted in the definition of cash forecasting, you must define the time period for your forecast. The options are:

- Long-Term - one year or longer
- Medium-Term - one month to one year
- Short-Term - one week to one month

Most of your forecasting efforts will be in the medium-term category so a three-month forecast will be the example. This is a good place for most of you to begin, because it is close enough to today to allow most of the variables to be predicted with reasonable accuracy.

Later, as your proficiency grows and as you begin to make longer range plans and objectives for your business, you will want to extend the range of your forecast further into the future, projecting at least 12 months ahead.

There are typically two reasons for the very short-term forecast. The more desirable reason is to take advantage of excess cash balances by making very short-term, highly liquid investments. To do this you must know what your cash needs and excess balances will be for the short-term periods.

The more common reason for very short-term forecasts is to try to make an inadequate amount of cash stretch to cover required disbursements. It is always helpful, of course, to know what is expected to be received and what is expected to clear your bank on a daily basis, but too frequently short-term analyses are attempts to manage with inadequate cash, rather than an attempt to maximize investment return on cash. Ultimately the solution to most small business cash management problems is not to "micro-manage" cash on a daily basis, but to take a hard look at the plans and objectives of the business, and make a plan that will fit the business's ability to generate cash.

You must learn to look realistically at your business, its income and expenses, its growth potential and the cost of growth, and to make the decisions necessary to put it on a sound financial footing. Sometimes the proper decision is to stop operations if all reasonable projections show that there is no solution to the problems. The use of a forecast for this purpose, while not pleasant, is logical and often saves a considerable amount of money in the long run.

Prerequisites - What Must You Have First?

To begin the process of making and updating your own cash forecasts there are certain things you must have available. There are also some analytical tasks that must be accomplished. Let's look at the list first, then discuss each one in turn.

Financial Statements
Sales (Income) Forecast
Accounts Receivable Collection Patterns
Disbursement Patterns for Inventories, Expenses, Payroll, Debt, Etc.

Financial Statements

The first things that must be available to you are financial statements, including both an income statement and a balance sheet. It does not matter whether your statements are prepared "in-house" or by an outside source, such as a CPA or a bookkeeping service. The important thing is that your statements are accurate, regular (preferably monthly) and timely.

It is most important to be comfortable with your financial statements and able to read and understand them without undue difficulty. You must be able to understand the revenues, costs and expenses and to analyze the types of transactions that make up each specific line item or account on the income statement. Likewise, with respect to the balance sheet, you must know how to verify each individual asset and liability to its "real world" supporting documents in your office. Only through such capabilities can you reach the level of understanding of your business and its finances necessary to do a meaningful cash forecast.

More specifically, the income statement provided to you should be a "percentage income statement," which means that it shows each line as a percentage of total revenue. A sample of such a statement is contained in Appendix A. It is important that you have these percentages, because in some instances they will become the basis of your projections.

Sales Forecast

The foundation upon which you will build your cash forecast is your sales forecast. To project sales with confidence, you must go through an organized process. The sales forecast process consists of the following steps:

1. Divide your sales or revenues into logical categories that have similar characteristics and respond to similar variables. Hopefully your financial statements or other management reports are grouping your revenues this way.

2. Analyze these categories over the last three years if possible.

3. Do some research in trade and economic publications about factors concerning your industry, your customers or client groups, your product, your geographical region, etc. This will serve to broaden your "horizons" and give you a larger frame of reference within which to make decisions. You can go to your trade association, the research desk at a public library, the library at a local college or university or the Washington Small Business and Technology Development Center and talk to their information specialist to get leads.

4. List and analyze the specific variables that will affect each category of your sales or revenues for your forecast period. This will involve a very thorough process that will consider several variables. Some of them are:

Price
Customer Demographics
Product Availability or Production Capacity
Marketing Plans and Budgets
Geographical Market Changes

By working your way through these variables, you will address many of the most basic decisions that must be made to ensure a successful operation. This level of planning is foreign to many small-business entrepreneurs, but it is just as valid for you as it is for General Motors or Microsoft Corporation.

Accounts Receivable Collection Patterns

If your business sells a significant portion of its product or service on credit, you must do an analysis of your accounts receivable collections in order to produce an accurate cash forecast. You must know what the time delay is between the credit sale and the ultimate collection of the cash for the transaction.

Set up a worksheet, either on paper or on your computer, and analyze several months of credit sales and collections. Set up column headings across the top for months and list transactions down the worksheet. Do a separate worksheet for each month's sales.

For example, if you were analyzing January's sales, make your monthly column headings begin with January, then February to the right, with March next, then April, then May, etc. List each sale on the left, and put its collection in the appropriate column on the right. When you are finished with January, add the columns.

Suppose you had $10,000 in sales, and the collections were $5,000 in February, $3,000 in March, and $2,000 in April. You would know that 50 percent of your collections of January sales came in the first month after your sale, 30 percent in the second month, and 20 percent in the third. If you apply this method over six to 12 months of sales activity, you will have the raw materials necessary to do a collection patterns forecast. If the results are consistent throughout the year you can use average numbers. However, if your collection patterns vary with the time of year, you may want to use monthly data rather than averages.

Now look at the sample Accounts Receivable Collection Patterns Analysis form in Appendix B-2. This is the form you will fill out with the results of your monthly analysis. It will be used later as we put your forecast together.

Disbursement Patterns

Conceptually, this is not a difficult step, but a fair amount of detail work is necessary to accomplish it. First consider the following categories of expenditures:

Inventories
General Operating Expense Accounts
Payroll (including payroll tax deposits)
Debt Payments
Income Taxes

Your goal here is to develop information that will tell you what your monthly cash payments are for each of these categories. Some will have a regular percentage relationship based upon monthly sales or revenues. Others will be fixed in amount, such as rent or note payments. It is your responsibility to become sufficiently familiar with each category to be able to project the future with confidence.

This is where your sales forecast comes into play. Using your monthly projection of sales, you will project a disbursement result that is related to the level of sales. If you have copies of monthly income statements with percentages (see Appendix A), these percentages will be helpful. If you do not have that information, but you do have an income statement, then you can calculate the percentages yourself by simply dividing each expense item by net sales.

That same income statement (and your general ledger) will give you the various expense headings necessary for your monthly expense projections.

Format - How Should You Organize Your Forecast?

Now let's pull all of these concepts together in one place and put them on a forecast document. Look at Appendix B-3 & B-4 for a sample blank form for a cash budget and an example of a completed cash budget.

The blank form cash budget shows columns for three time periods. There is no magic to this. It is only intended to be representative of the general format. It is up to you to decide what your forecast period is to be.

For now, look at the descriptions down the left side of the forecast. They list cash receipts, and then cash disbursements with a recap at the bottom. In order to complete the cash receipts section, you will need your sales forecast and your accounts receivable collection patterns worksheet. After having done the considerable detail work required to develop these two documents, actually filling in numbers on the cash budget itself is not difficult.

You will see that there is also a provision for other cash receipts, such as investment income, investment maturities and sales of fixed assets. It is important to the integrity of your forecast that all cash receipts be included.

Next you will complete the cash disbursements section. Lump all of your merchandise inventory into a single line item and do the same for all of your general operating expenses under the heading of general payables. Notice that other categories such as investment purchases are included. Similarly, if you plan to purchase a fixed asset such as a vehicle or some equipment, you would include a category for it. Just as all cash receipts are to be included in the receipts section, all disbursements are also to be included.

Each line item in the receipts and disbursements sections will be supported by some kind of worksheet or analysis that you have already made to project the various categories. For example, your supporting worksheet for general payables will look like the operating expense section of your income statement. Each expense account will be listed. Some of these individual expense accounts will in turn have their own detailed worksheets showing your previous work to determine forecasting.

Finally, at the bottom of the cash budget is the recap. This is where you will show the monthly effect of your forecast, and decide if that result is acceptable. You may or may not show a minimum cash balance; that is your choice.

The purpose of the cash budget is to put various possible future courses of action on paper to see the proposed result before you become committed to a particular course of action.

Where Do You Start?

If at this point you are unsure about what to do first, here is a suggestion:

Prepare a Cash Budget for Last Month

Why would you want to make a cash budget for last month, when it is history already? This is precisely the point. Go through all of the analytical procedures discussed earlier and reconstruct last month; then put it into the format of your forecast. This process will enable you to master the tasks listed below -- tasks that will help you as you begin to forecast in earnest.

- Refine the suggested forecast format for your business
- Learn the variables and characteristics of your business
- Identify sources of data, how to organize it, etc.

By using a "forecast period" that has already occurred, you have a known beginning and ending cash balance. This will allow you to prepare the required analysis and work with it until you achieve the correct answers.

Prepare a 90-Day Rolling Cash Budget

Having completed the above recommended "historical cash budget," you are now ready to do the "real thing." Pick a forecast period for any three month period of time and prepare the monthly forecast in the suggested format using your own historical forecast.

As your business completes the first forecast month, identify how accurate your forecast was and look at the areas that need to be further refined. Drop the completed month and add the next month in the future so that you still have the next three months on your forecast.

At the same time, if you identified areas in the first month that you believe were incorrect, make the appropriate corrections in the other two months so that your new rolling 90-day forecast reflects your latest and most accurate numbers.

Action Steps

Now that you have completed this booklet, you have one more set of tasks to accomplish as you begin to utilize the cash forecasting ideas presented.

1. Make a commitment to yourself and share it with another person that you are going to develop successful procedures to make a cash budget for your business and share this resolution with another person.

2. Set up folders for each step that must be accomplished, such as sales forecast, accounts receivable collection analysis, individual expense analysis, etc.

3. Prepare the sales forecast.

4. Prepare the accounts receivable collection patterns analysis if your business has credit sales.

5. Analyze inventory purchase patterns, by vendor if necessary.

6. Analyze individual expense accounts and learn their relationship to sales.

7. Analyze your payroll, debt payments, taxes, etc.

8. Prepare the "historical cash forecast" for the month just completed to check your format, analysis, procedures, etc.

9. Prepare a "rolling 90-day forecast."

10. Prepare an annual forecast.

11. Test your proposed decisions by running them through your "cash forecast model" to see if the result is acceptable.

You must understand the relationships of your costs and expenses to your sales forecast. The sales forecast sets the expected level of business that you plan to conduct during your forecast period; therefore, all of your costs and expenses will be affected. Stated another way, if you do a poor or incomplete job of making your sales forecast, you will end up with a poor or incomplete cash forecast.

The end product for your sales forecast is a document that lists sales, by category, for each month of your forecast period. It is imperative that the forecast be done monthly to provide the proper foundation for your monthly cost and expense projections.

Appendix A - Sample Financial Statements

Balance Sheet A-2
Comparative Balance Sheets A-3
Income Statement A-4
Comparative Income Statements A-5

Appendix B - Sample Forms

Accounts Receivable Collection Forecast B-2
Completed Cash Budget B-3
"Blank-form" Cash Budget B-4

About the Author

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Terry is a regular speaker for the Washington Small Business and Technology Development Center. He conducts three seminars in a management series that includes "Managing Your Cash Flow," "Understanding Financial Statements" and "Strategic Planning".

He received a bachelor's in business administration and a master's in business administration at the University of Washington at Fayetteville.

APPENDIXES

ABC Company, Inc. Balance Sheet December 31, 1993 Assets

Current Assets	
Cash	**$ 5,368**
Marketable Securities	**3,090**
Accounts Receivable	**235,382**
Inventory	**262,582**
Prepaid Expenses	**2,870**
Total Current Assets	**$509,292**
Property, Plant & Equipment	
Land	**$ 4,520**
Building	**78,540**
Less: Accumulated Depreciation	**(30,696)**
Equipment	**18,907**
Less: Accumulated Depreciation	**(7,980)**
Total Property, Plant and Equipment	**$ 63,291**
Total Assets	**$572,583**
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts Payable	**$224,235**
Accrued Expenses	**9,758**
Income Tax Payable	**2,040**
Current Portion L/T Debt	**3,000**
Total Current Liabilities	**$239,033**
Long-Term Liabilities	
Mortgage Payable	**$ 25,000**

Bank Note Payable	5,000
Total Long Term Liabilities	$ 30,000
Total Liabilities	$269,033
Stockholder's Equity	
Common Stock ($1 Par)	$ 10,500
Retained Earnings	293,050
Total Equity	$303,550
Total Liabilities and Equity	$572,583

ABC Company, Inc. Comparative Balance Sheets As of December 31, 1993

	1993	1992
Assets		
Current Assets		
Cash	$ 5,368	$ 6,574
Marketable Securities	3,090	1,570
Accounts Receivable	235,382	232,936
Inventory	262,582	210,434
Prepaid Expenses	2,870	2,590
Total Current Assets	$509,292	$494,104
Property, Plant & Equipment		
Land	$ 4,520	4,300
Building	78,540	78,540
Less: Accumulated Depreciation	(30,696)	(29,196)
Equipment	18,907	16,717
Less: Accumulated Depreciation	(7,980)	(7,840)
Total Property, Plant and Equip.	$ 63,291	$ 62,521
Total Assets	$572,583	$556,625
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable	$224,235	$230,353
Accrued Expenses	9,758	6,137
Income Tax Payable	2,040	1,425
Current Portion L/T Debt	3,000	3,000
Total Current Liabilities	$239,033	$240,915

Long-Term Liabilities		
Mortgage Payable	**$ 25,000**	**$ 28,000**
Bank Note Payable	**5,000**	
Total Long Term Liabilities	**$ 30,000**	**$ 28,000**
Total Liabilities	**$269,033**	**$268,915**
Stockholder's Equity		
Common Stock ($1 Par)	**$ 10,500**	**$ 10,000**
Retained Earnings	**293,050**	**277,710**
Total Equity	**$303,550**	**$287,710**
Total Liabilities & Equity	**$572,583**	**$556,625**

XYZ Company, Inc. Income Statement for the year ended December 31, 2003

Income	
Sales	**$ 2,102,358**
Cost of Sales	
Beginning Inventory	$ 331,764
Purchases	1,469,825
Other Costs	136,003
Goods Available for Sale	$1,937,592
Less: Ending Inventory	(501,575)
Cost of Sales	**$1,436,017**
Gross Profit	**$ 666,341**
Operating Expenses	
Advertising	$ 4,341
Auto & Truck	8,264
Bad Debts	807
Bank Charges	110
Casual Labor	3,586
Commissions	41,298
Contributions	1,194
Depreciation	16,658
Dues & Subscriptions	1,925
Entertainment	10,181
Equipment Rent	6,601
Fuel	13,133
Insurance	50,788
Janitorial Service	4,299
Leasing	11,688
Legal & Accounting	1,911
Miscellaneous	41,124
Office Supplies	12,711
Rent	19,246
Repairs & Maintenance	4,533
Salaries	238,674
Shop Supplies	10,097

Taxes - General	3,643
Taxes - Payroll	19,269
Telephone	14,119
Travel	8,981
Utilities	8,165
Total Operating Expenses	**$ 557,356**
Net Operating Income	**$ 108,985**
Other Income (Expense)	
Discounts Earned	$ 2,915
Discounts Allowed	(3,385)
Interest Expense	(43,759)
Total Other Income (Expense)	**$ 44,529**
Net Income	**$ 64,456**

XYZ Company, Inc. Comparative Income Statements
For The Years Ended Dec. 31, 2002 and Dec. 31, 2003

	2003		2002	
Sales	**$ 2,102,358**	**100.0%**	**$ 2,006,888**	**100.0%**
Cost of Sales				
Beginning Inventory	331,764	15.8	146,078	7.3
Purchases	1,469,825	69.9	1,569,161	78.2
Other Costs	136,003	6.5	67,771	3.4
Goods Avail. for Sale	$1,937,592	92.2	$ 1,783,010	88.9
Less: Ending Inventory	501,575	23.9	331,764	16.5
Cost of Sales	**$ 1,436,017**	**68.3**	**$ 1,451,246**	**72.4**
Gross Profit	**$ 666,341**	**31.7**	**$ 555,642**	**27.6**
Operating Expenses				
Advertising	$ 4,341	.2	$ 7,444	.4
Auto & Truck	8,264	.2	3,990	.2
Bad Debts	807		385	
Bank Charges	110		66	
Casual Labor	3,586	.2	11,149	.6
Commissions	41,298	2.0	37,987	1.8
Contributions	1,194	.1	420	
Depreciation	16,658	.8	13,636	.7
Dues & Subscriptions	1,925	.1	1,480	.1
Entertainment	10,181	.5	2,287	.1
Equipment Rent	6,601	.3		
Fuel	13,133	.6	10,119	.5
Insurance	50,788	2.4	38,346	1.8
Janitorial Service	4,299	.2	1,540	.1
Leasing	11,688	.6	19,115	1.0
Legal & Accounting	1,911	.1	7,934	.4

Miscellaneous	41,124	2.0	2,821	.1
Office Supplies	12,711	.6	8,759	.4
Rent	19,246	.9	13,683	.7
Repairs & Maintenance	4,533	.2	11,270	.6
Salaries	238,674	11.2	228,444	11.4
Shop Supplies	10,097	.5	6,098	.3
Taxes - General	3,643	.2	3,704	.2
Taxes - Payroll	19,269	.9	23,242	1.2
Telephone	14,119	.7	12,066	.6
Travel	8,981	.4	12,838	.6
Utilities	8,165	.4	7,885	.4
Total Operating Exp.	**$ 557,356**	**26.5%**	**$ 486,708**	**24.2%**
Net Operating Income	**$ 108,985**	**5.2%**	**$ 68,934**	**3.4%**
Other Income (Expense)				
Discounts Earned	$ 2,915	.1	$ 1,695	.1
Discounts Allowed	(3,385)	(.2)	(7,804)	(.4)
Interest Expense	(43,759)	(2.0)	(22,835)	(1.2)
Total Other Inc./ (Exp.)	**$ 44,529**	**(2.1)**	**$ 28,944**	**(1.5)**
Net Income	**$ 64,456**	**3.1%**	**$ 39,990**	**2.0%**

Accounts Receivable Collection Patterns Analysis

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales													
Collections													
Month 1	____%												
Month 2	____%												
Month 3	____%												
Month 4	____%												
Total													

ABC Company Cash Budget
July-September 2003

	July	August	September
Cash Receipts			
Cash Sales	$ 20,000	$ 15,000	$ 18,000
Accounts Receivable	78,750	142,500	126,000
Investment Income	100	100	
Investment Maturities	20,000	20,000	
Sale of Fixed Assets		5,000	
Total Receipts	**$ 118,850**	**$ 182,600**	**$ 144,000**
Cash Disbursements			
Purchases-Inventory	$ 69,350	$ 227,100	$ 46,000
General Payables	20,000	24,000	20,000
Payroll (incl. taxes)	22,000	25,000	23,000
Taxes (Income)			10,000
Debt Repayment			10,000
Purchase of Fixed Assets			
Investment Purchases	10,000		
Other			
Total Disbursement	**$ 121,350**	**$ 276,100**	**$ 109,000**

Recap:			
Beginning Cash	$ 71,000	$ 68,500	$ (25,000)
Add: Total Receipts	118,850	182,600	144,000
Less:			
Total Disbursements	121,350	276,100	109,000
Ending Cash	68,500	(25,000)	10,000
Less: Minimum Cash	(37,500)	(37,500)	(37,500)
Available Cash	**$ 31,000**	**$ (62,500)**	**$ (27,500)**

"Blank-form" Cash Budget

	PD1	PD2	PD3
Cash Receipts			
Cash Sales	________________	________________	________________
Accounts Receivable	________________	________________	________________
Investment Income	________________	________________	________________
Investment Maturities	________________	________________	________________
Sale of Fixed Assets	________________	________________	________________
Total Receipts	________________	________________	________________
Cash Disbursements			
Purchases-Inventory	________________	________________	________________
General Payables	________________	________________	________________
Payroll (incl. taxes)	________________	________________	________________
Taxes (Income)	________________	________________	________________
Debt Repayment	________________	________________	________________
Purchase of Fixed Assets	________________	________________	________________
Investment Purchases	________________	________________	________________
Other	________________	________________	________________
Total Disbursement	________________	________________	________________
Recap:			
Beginning Cash	________________	________________	________________
Add: Total Receipts	________________	________________	________________
Less:			
Total Disbursments	________________	________________	________________
Ending Cash	________________	________________	________________
Less: Minimum Cash	________________	________________	________________
Available Cash	________________	________________	________________