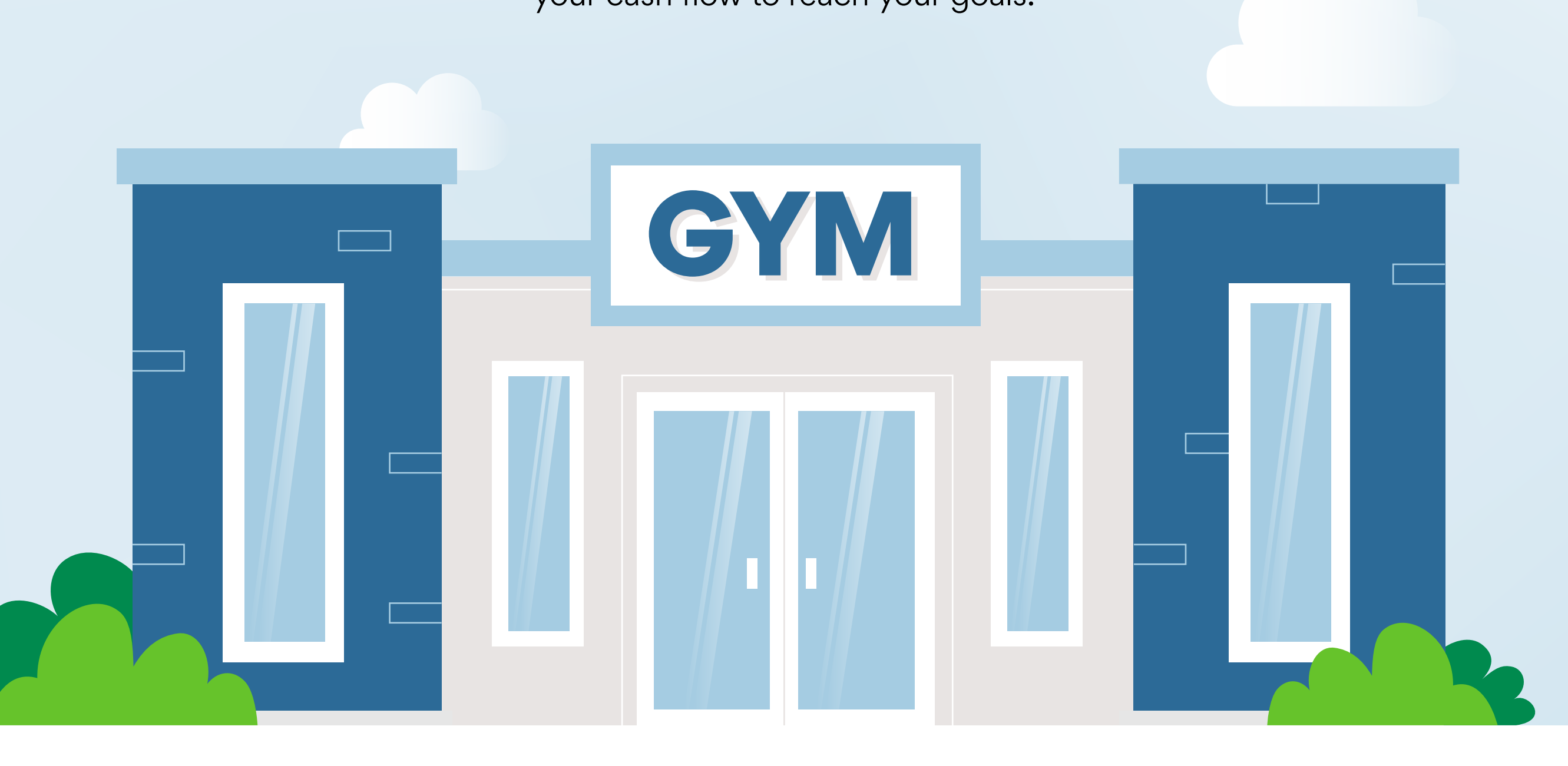


WHY CREATING A CASH FLOW STATEMENT IS CRITICAL TO YOUR BUSINESS

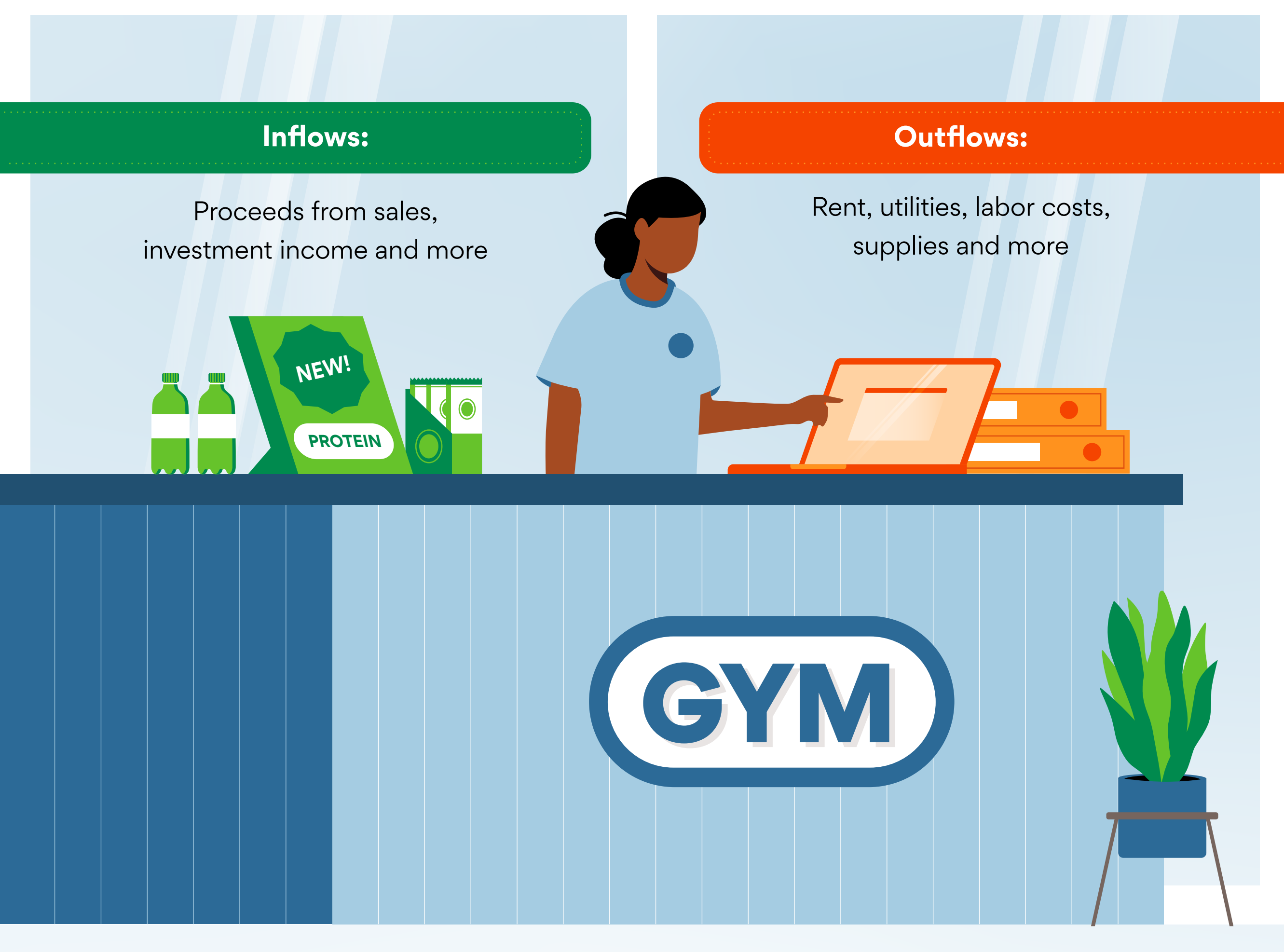
A cash flow statement is one of the most important financial documents for your business.

Learn what it is, how it works and how to strengthen your cash flow to reach your goals.



What is a cash flow statement?

A cash flow statement documents the money moving in and out of your business



Inflows:

Proceeds from sales, investment income and more

Outflows:

Rent, utilities, labor costs, supplies and more

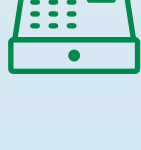
There are two types of cash flow statements:

Direct:

Measures cash moving in and out of your business in real time

Indirect:

Measures inflows and outflows based on your company's net income and changes in assets and liabilities



Inflow:

A customer makes a purchase



Outflow:

You pay a supplier's invoice



Inflow:

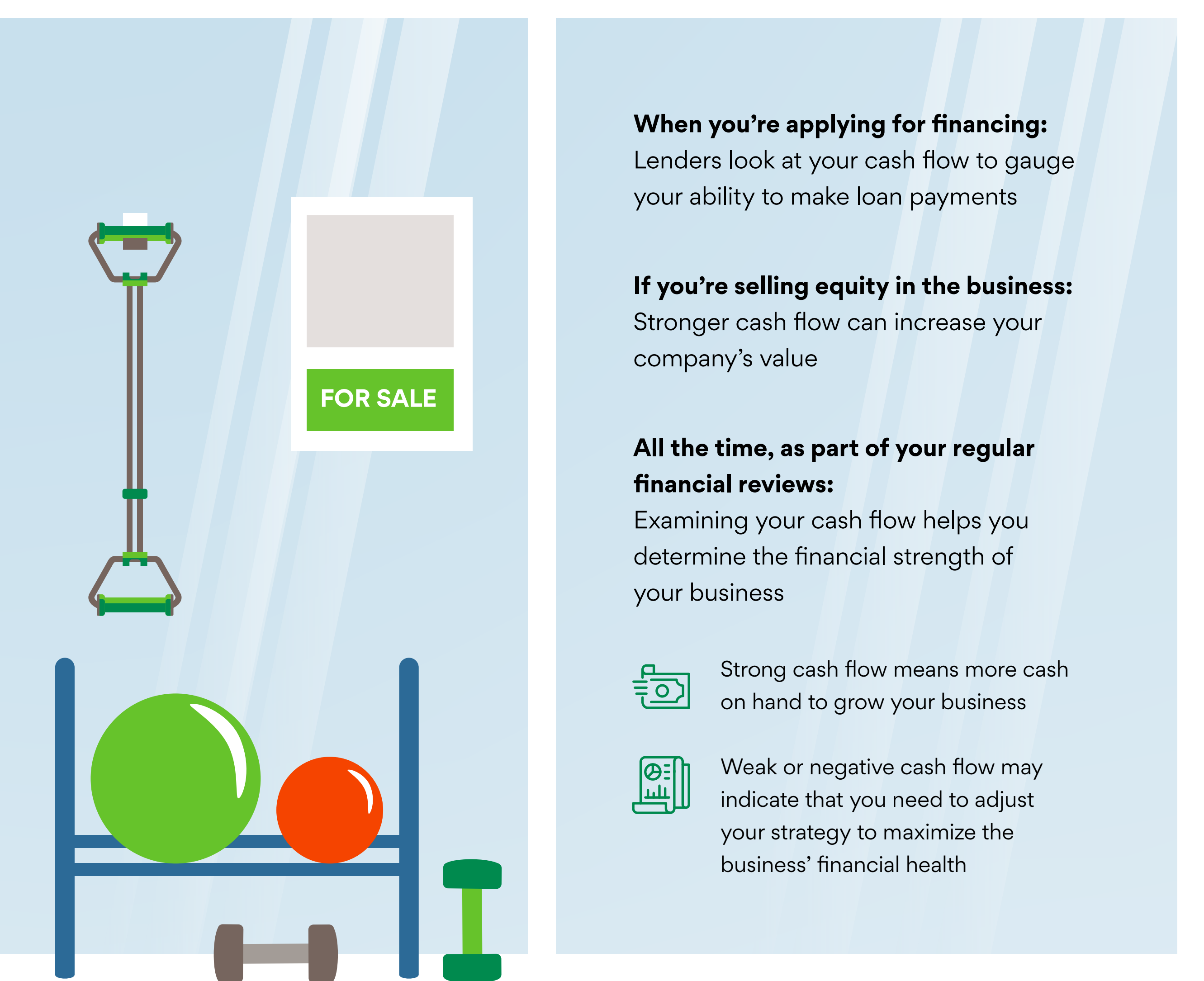
You sent an invoice, but it has not yet been paid

You can calculate your direct cash flow using the following formula:

Cash flow = Inflows - outflows

The indirect method counts for cash inflows once they've been earned, not necessarily received.

When do you need a cash flow statement?



When you're applying for financing:

Lenders look at your cash flow to gauge your ability to make loan payments

If you're selling equity in the business:

Stronger cash flow can increase your company's value

All the time, as part of your regular financial reviews:

Examining your cash flow helps you determine the financial strength of your business



Strong cash flow means more cash on hand to grow your business



Weak or negative cash flow may indicate that you need to adjust your strategy to maximize the business' financial health

What can businesses do to improve their cash flow?

1

Negotiate shorter payment terms with clients to maximize inflows

2

Negotiate longer payment terms with suppliers to delay outflows

3

Manage inventory efficiently to avoid the added cost of excess inventory



Get support to strengthen your cash flow

Our team of small business bankers can help you measure and manage your cash flow so you can stay on top of your business' financial health and reach your goals.

Connect with one of our small business bankers today.

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