

How to complete a Cash Flow Statement in Florida

Statement of Cash Flows with Direct or Indirect method toggle — bank-ready line items for operating, investing, and financing activities.

What this form is for

Banks require a Cash Flow Statement to see how cash moved in and out of your business over a specific period, proving you generate enough liquidity to service debt. This form complements your income statement and balance sheet by showing actual cash transactions rather than accrual-basis accounting entries.

Before you start

- Your completed income statement and balance sheet for the same reporting period
- Bank statements and reconciliation reports covering all business accounts for the period
- Records of all major capital expenditures, asset sales, loan proceeds, loan payments, and owner contributions or distributions
- Depreciation and amortization schedules, along with any non-cash charges recorded during the period
- Documentation of any significant changes in working capital accounts like accounts receivable, inventory, and accounts payable

Step-by-step

1. Choose your method at the top of the form. The indirect method starts with net income and adjusts for non-cash items, while the direct method lists actual cash receipts and payments. Most small businesses find indirect easier because it ties directly to your income statement.
2. In the Operating Activities section, enter net income from your income statement as the starting point if using indirect method. Add back non-cash expenses like depreciation and amortization since these reduced net income but did not use cash.
3. Adjust for changes in working capital. Increases in accounts receivable or inventory reduce cash flow, so enter these as negative numbers. Increases in accounts payable add to cash flow, so enter as positive. The form will calculate the subtotal for cash from operations.
4. Complete the Investing Activities section by entering cash spent on equipment, property, or other capital assets as negative numbers. Record any proceeds from selling assets as positive entries. The form totals this section automatically.
5. Fill out the Financing Activities section with loan proceeds received shown as positive and principal payments made shown as negative. Include owner contributions as positive and distributions or dividends as negative amounts.

6. Verify that the three section totals combine to show your net change in cash for the period. This number must match the difference between beginning and ending cash on your balance sheet.
7. Add your beginning cash balance and confirm the ending cash balance matches your balance sheet and current bank account totals.

What lenders look for

- Positive operating cash flow is critical. Banks want to see your core business generates cash without relying on financing or asset sales, especially for Florida businesses in seasonal industries like hospitality or agriculture.
- Large negative investing cash flows are normal for growing businesses, but you must show that operating cash flow or financing can sustainably cover these outlays.
- Reconcile every number back to source documents. Unexplained discrepancies between your cash flow statement and balance sheet raise immediate red flags during underwriting.