NEW YORK · STATE-AWARE GUIDE

How to complete a Cash Flow Statement in New York

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 this statement to see how cash moves in and out of your business across operating, investing, and financing activities. You will prepare this when applying for a loan, during annual renewals, or when a lender requests updated financials to monitor covenant compliance.

Before you start

- Your most recent balance sheet and the balance sheet from the prior period to calculate changes in asset and liability accounts
- Your profit and loss statement for the same period showing net income, depreciation, amortization, and other non-cash expenses
- Records of any equipment purchases, asset sales, loan proceeds received, loan principal payments made, and owner contributions or distributions during the period
- Your general ledger or accounting software with transaction details for investing and financing events
- Decision on whether you will use the indirect method starting with net income or the direct method listing actual cash receipts and payments

Step-by-step

1. Select your method at the top of the form. Most small businesses choose the indirect method because it is simpler and starts with net income from your P&L.

2. Complete the Operating Activities section. If using the indirect method, begin with net income, then add back non-cash expenses like depreciation and amortization, and adjust for changes in working capital accounts such as accounts receivable, inventory, accounts payable, and accrued expenses. Increases in assets reduce cash while increases in liabilities add cash.

3. Fill in the Investing Activities section by listing cash paid for property, plant, equipment, or other long-term assets as negative numbers and any proceeds from selling assets as positive inflows.

4. Complete the Financing Activities section with cash received from new loans or owner capital as positive amounts and loan principal repayments or owner distributions as negative outflows. Do not include interest payments here since those appear under operating activities.

5. Sum each of the three activity sections to arrive at subtotals, then combine them to calculate the net increase or decrease in cash for the period.

6. Add your beginning cash balance from the prior period balance sheet to the net change to reach your ending cash balance, which must match the cash line on your current balance sheet exactly.

7. Review all line items for accuracy and ensure your ending cash reconciles before signing and dating the statement.

What lenders look for

- Banks focus heavily on operating cash flow since it shows whether your core business generates enough cash to service debt without relying on external financing or asset sales.
- A common mistake is confusing net income with cash flow by forgetting to adjust for changes in receivables, payables, and inventory or omitting depreciation add-backs.
- New York lenders expect consistency with GAAP presentation and will cross-check your statement against balance sheet changes, so discrepancies trigger immediate questions and delay approvals.