OHIO · STATE-AWARE GUIDE

How to complete a Cash Flow Statement in Ohio

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

This form shows how cash moved in and out of your business during a specific period, broken into operating, investing, and financing activities. Banks require it to verify that your income statement profits translate into actual cash and to assess liquidity risk before approving loans.

Before you start

- Your completed income statement and balance sheet for the reporting period and prior period
- Bank statements covering the entire period to verify beginning and ending cash balances
- Records of all non-cash expenses like depreciation and amortization
- Documentation of any equipment purchases, asset sales, loan proceeds, or principal payments
- Your Ohio business tax return if reconciling taxable income under the indirect method

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; the direct method lists actual cash receipts and payments. Most small businesses use indirect because it ties directly to your income statement.

2. Enter your beginning cash balance from your prior period balance sheet. This figure must match your bank statements on the start date.

3. Complete the operating activities section. If using indirect method, start with net income from your income statement, then add back depreciation and amortization. Adjust for changes in accounts receivable, inventory, accounts payable, and accrued expenses by comparing this period's balance sheet to last period's.

4. Fill in investing activities. Report cash spent on equipment, property, or other capital assets as outflows. Record any proceeds from selling assets as inflows. These amounts should match your fixed asset ledger changes.

5. Document financing activities. Include loan proceeds received, principal payments made, owner contributions, and distributions or dividends paid out. Do not include interest payments; those belong in operating activities.

6. Let the form calculate subtotals for each of the three activity sections. Many bank-ready templates auto-sum these.

7. Verify the net change in cash by adding the three section totals together. This number must equal your ending cash balance minus your beginning cash balance.

8. Enter your ending cash balance, which should match the cash line on your current balance sheet and your latest bank statement exactly.

What lenders look for

- Banks scrutinize whether operating activities generate positive cash flow. Consistent negative operating cash flow signals the business cannot sustain itself even if net income looks healthy on paper.

- Reconcile your ending cash figure to bank statements before submission. Unexplained discrepancies between reported cash and verified balances raise immediate red flags and delay underwriting.

- Under Ohio lending standards, be prepared to explain large one-time items in investing or financing sections, especially related-party transactions or owner draws that exceed reasonable compensation levels.