



You Keep Track of Your Kids...But Do You Keep Track of Your Cash?

By Mitch Willis | FocusCFO

Kids are at the top of the list in your personal life, and cash tops the list for your business. When it comes to your kids, like your cash, no news is good news but, when news happens, it is can be bad...unless you have prepared for it.

We prepare our kids by teaching them good values and being good examples so that when they are faced with one of life's dilemma, they are prepared and make good decisions considering the circumstances.

What about your business cash? A business owner who insures cash flow be monitored and forecasted based on varying scenarios of what might happen, is prepared for those dilemmas. This is the business owner who has a good relationship with his banker and does not make last minute panic calls 2 days before payroll is due. That is not to say that the prepared business owner does not have unexpected needs that come up such as expansion needs, sales fluctuations, and industry or environmental conditions. They proceed, however, from a proactive position rather than a reactionary position, avoiding the cash flow scramble.

As a business owner...

1. Do you know how much cash is needed week to week?
2. Do you know how sensitive cash flow is to changes in sales demand, receivables collections and inventory levels?

3. Do you plan for capital acquisitions, understanding their net effect on receipts and investments?

CASH FORECAST-WEEKLY		Actual	Forecast					
Period		1/6/2020	Jan wk 1	Jan wk 2	Jan wk 3	Jan wk 4	Feb wk 1	Feb wk 2
Start		06-Jan-2020	06-Jan-2020	13-Jan-2020	20-Jan-2020	27-Jan-2020	03-Feb-2020	10-Feb-2020
End		12-Jan-2020	12-Jan-2020	19-Jan-2020	26-Jan-2020	02-Feb-2020	09-Feb-2020	16-Feb-2020
CASH BALANCE, OPENING		\$ 4,999	\$ 4,999	\$ -	\$ -	\$ -	\$ -	\$ -
RECEIPTS								
Accounts Receivable Collections:								
Current Aging		45,000	8,619	24,280	2,798	1,941	6,567	
Forecasted		-	-	-	-	-	46,860	42.1
Cash Sales		7,000	5,075	5,675	4,625	4,925	4,430	5.5
Capital Contributions		7,000	-	-	-	-	-	-
Other		7,000	-	-	-	-	-	-
TOTAL RECEIPTS		\$ 66,000	\$ 13,694	\$ 29,955	\$ 7,423	\$ 6,866	\$ 57,857	\$ 47.6
PAYMENTS								
Payroll		50,006	104,835	-	31,762	-	104,835	
Labor-Temp Agencies		14	1,300	1,300	1,300	1,300	1,300	1.6
Supplier Payments:								
Current Aging		21	-	3,339	2,345	1,292	5,093	4.2
Forecasted		-	-	-	-	-	-	22.5
Periodic Payments		28	1,000	1,000	1,000	1,000	-	-
Debt Service-Existing Loans		35	-	1,111	-	-	-	1.1
Capital Expenditures-New:								
Financed		42	4,718	-	-	-	4,718	
Cash		49	-	-	-	-	-	-
Distributions:								
Income Taxes		56	-	-	-	-	-	-
Owner Distributions		10,054	-	-	-	-	-	-
Other		70	-	-	-	-	-	-
TOTAL PAYMENTS		\$ 60,375	\$ 111,853	\$ 6,750	\$ 36,407	\$ 3,592	\$ 115,945	\$ 29.5
NET CASH FLOWS		\$ 5,625	\$ (98,159)	\$ 23,205	\$ (28,983)	\$ 3,274	\$ (58,088)	\$ 18.1
CASH BALANCE, ENDING		\$ 10,624	\$ (93,160)	\$ 23,205	\$ (28,983)	\$ 3,274	\$ (58,088)	\$ 18.1
Auto Sweep to/from Line of Credit		(10,624)	93,160	(23,205)	28,983	(3,274)	58,088	(18.1)
CASH BALANCE, ADJUSTED		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LINE OF CREDIT								
Approved Line of Credit		\$ 325,000						
Opening Balance		\$ 150,000	\$ 150,000	\$ 243,160	\$ 219,955	\$ 248,938	\$ 245,664	\$ 303.7
Net LOC Activity		(10,624)	93,160	(23,205)	28,983	(3,274)	58,088	(18.1)
Ending Balance		\$ 139,376	\$ 243,160	\$ 219,955	\$ 248,938	\$ 245,664	\$ 303,752	\$ 285.6
Available Line of Credit		\$ 185,624	\$ 81,840	\$ 105,045	\$ 76,062	\$ 79,336	\$ 21,248	\$ 39.3

Contact me for a copy of the Cash Flow Forecaster I have created that you can use to see how your cash is flowing. FocusCFO offers a no-fee assessment to discuss how we can help you maximize your company's value...and be prepared for when life happens.

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