

San Diego Miramar College
Business 120 *Personal Financial Management*
Dr. Duane Short

CASH FLOW WORKSHEET INSTRUCTIONS

Step 1

Gather information that you can use to estimate your income and expenses for one year. (We usually use a calendar year but you can use any 12-month time period that makes sense to you.) Unless you keep very careful records, you won't have perfect information. That's OK; just get whatever you can to help you estimate the money that came in and the money that went out. The following documents will probably help you with this step:

- Recent pay stubs
- Tax returns
- Bank statements
- Bill payment records
- Credit card statements
- Checkbook register or a log of checks paid
- Monthly debit card transactions
- Investment account statements

Step 2

Open the "Financial Worksheets" Excel document and click on the "Cash Flow" tab at the bottom of the screen.



Step 3

Enter your name and the date at the top of the spreadsheet under the “Cash Flow Statement” title.

B2 : X ✓ fx Duane Sh

	A	B	C	D	E	F
1		CASH FLOW STATEMENT				
2		Duane Sh				
3		[Enter the year here]				
4						
5						
6		INCOME SUMMARY			LIVIN	
7		Total Annual:	\$300.00		Total A	
8						
9						

Enter your name and date by clicking on the bracketed sentences

Step 4

Enter a list of your sources of income and their annual dollar values under the “Total income” heading. Your sources of income includes all the money that flows into your personal finances. They include things like your wages, tips, and interest from bank accounts. For now, don’t worry about subtracting any withholdings such as income tax or social security tax (we’ll account for that in the next step). Some examples are already listed on the spreadsheet. You can remove, change, or add to those examples by typing directly into the white colored boxes. (You will not be able to enter data in any box that is not white.)

	Total Income	Annual	Monthly	% Income
1	Wages (gross)	\$32,400	\$2,700	100%
2	Tips		\$0	0%
3	Interest and dividends		\$0	0%
4	[Enter other as needed]		\$0	
5	[Enter other as needed]			
6	[Enter other as needed]		\$0	
7	Total	\$32,400	\$2,700	

Enter your sources of income and their annual amounts here

Step 5

List the withholdings and annual amounts that were taken out of your earnings before you received your paycheck or other source of income under the “Income Withholdings” heading. This category includes things like federal and state taxes, social security and Medicare tax, and sometimes other deductions such as union dues. You can usually find this information on your pay stubs or tax return statements. Some examples are already listed on the spreadsheet. You can remove, change, or add to those examples by typing directly into the white colored boxes. (You will not be able to enter data in any box that is not white.)

35	[Enter other as needed]	\$0	0%
36	[Enter other as needed]	\$0	0%
37	Total	\$32,400	\$2,700 100%
38			
39	Income Withholdings	Annual	Monthly % Income
40	Federal income tax	\$3,843	\$320 12%
41	State income tax		\$0 0%
42	Social Security tax		\$0 0%
43	Medicare tax		
44	[Enter other as needed]		\$0
45	[Enter other as needed]		\$0
46	Total	\$3,843	\$320
47			

Enter your income deductions and their annual amounts here

Step 6

Enter a list of your recurring living expenses and their annual amounts under the “Living Expenses” heading. This category includes things that you need to survive and conduct your day-to-day life. One way to think about this category is that it represents your “needs” rather than your “wants.” This category includes costs for housing, food, insurance, utilities, etc. Some examples are already listed on the spreadsheet. You can remove, change, or add to those examples by typing directly into the white colored boxes. (You will not be able to enter data in any box that is not white.)

	Living Expenses	Annual	Monthly	% Income	Dis
%	Mortgage/Rent	\$1,750	\$146	5%	Dir
%	Transportation		\$0	0%	Gif
%	Food		\$0	0%	Tra
%	Insurance		\$0	0%	
%	Utilities		\$0		
%	Work or school expenses		\$0	0%	
%	Phone		\$0	0%	
	Student loan		\$0	0%	

Enter your living expenses and their annual amounts here

Step 7

Enter a list of your recurring discretionary expenses and their annual amounts under the “Discretionary Expenses” heading. This category encompasses things other than food, shelter, clothing, and other necessities. One way to think about this category is that it represents your “wants” rather than your “needs.” This category includes things like entertainment, travel, and luxury items. Some examples are already listed on the spreadsheet. You can remove, change, or add to those examples by typing directly into the white colored boxes. (You will not be able to enter data in any box that is not white.)

Discretionary Expenses	Annual	Monthly	% Income	St
Dining	\$1,200	\$100	4%	Ci
Gifts		\$0	0%	Ri
Travel		\$0	0%	[E
Entertainment				
Personal Care		\$0		
Shopping		\$0		
Charity		\$0		
Club/Memberships		\$0		
Internet/TV		\$0		

Enter your discretionary expenses and their annual amounts here

Step 8

Enter the annual amounts of money you put into savings and investments under the “Savings/Investments” heading. This category includes savings accounts, retirement accounts, education savings funds, mutual funds, stocks, bonds, etc. It also might include significant one-time (non-recurring) costs for major necessities like a new refrigerator, a down payment for a car, or a major roof repair to your house (these could be considered “investments” in assets). Some examples are already listed on the spreadsheet. You can remove, change, or add to those examples by typing directly into the white colored boxes. (You will not be able to enter data in any box that is not white.)

Savings/Investments	Annual	Monthly	% Income
Cash Reserves	\$400	\$33	1%
Retirement	\$1,200	\$100	4%
[Enter other as needed]			0%
[Enter other as needed]		\$0	
[Enter other as needed]		\$0	
Total	\$1,600	\$133	

Enter your annual savings and investments here

Step 9

You're done entering data! Now take a look at the results. There are several features included on this spreadsheet that illustrate concepts covered in the textbook:

- Each line item on the sheet is expressed as a percentage of your total income (in the “% Income” column) in order to show common size cash flows. This helps you see what proportion of your income is spent on various items.
- The Income Summary shows how much of your income is being withheld for taxes or other purposes, and provides your Net Income or “takehome pay.”
- The Expense Summary shows how much of your net income is being spent on living expenses (“needs”) vs. discretionary expenses (“wants”).
- The Cash Flow Summary shows the amount of income you have left after expenses, how much of that is being invested, and the resulting surplus or deficit. You can use the surplus to fund additional savings/investments or expenses. A deficit must be covered by borrowing (renting other people's money) or by reducing savings/investments or expenses.
- The pie charts at the top of the spreadsheet show the relative proportions for each spending category. For example, the “Income Summary” shows how much each of your income sources contributes to your total income.