The third and final statement, the **cash flow statement**, summarizes how much cash has flowed in and out of the company over a set period of time (usually 12 months).

The cash flow statement is divided into three sections, which are aligned with the three ways that cash flows in and out of the company:

- *Operating activities* are the day-to-day functions of the company, such as collecting money from sales, buying inventory, and paying for expenses that keep the company running, such as employee wages and rent.
- *Investing activities* are activities that keep the company running, but that happen on more rare occasions, such as buying or selling property, plant and equipment (PPE).
- *Financing activities* are those activities required to acquire the money to continue to maintain and grow the business, such as taking out or repaying loans or making other types of investments.

Yummy Stuff Company: Cash Flow Statement	
Amount (in millions)	**12 months (ending Dec 31, 2022)**
Cash flow from operating activities:	
Net income from continuing operations	$9,972
Stock-based compensation	$299
Other non-cash income from operating activities	$314
Total cash flow from operating activities:	**$10,585**
Cash flow from investing activities:	
Net PPE purchase/sales	-$1,061
Net investments/business acquisitions	-$3,469
Other investment activities	$278
Total cash flow from investing activities:	**-$4,252**
Cash flow from financing activities:	
Net issuance of payment to long-term debt	$1,606
Net common stock issuance	-$402
Cash dividends paid	-$4,580
Total cash flow from financing activities:	**-$3,376**

Since the cash flow statement only covers a limited period of time, it can provide insight into the financial health of a company at a single moment. As such, it should always be considered within the larger context of the company.

For example, a company with a negative cash flow from operating activities would normally be cause for concern, as this would mean that the company is losing money during the normal course of business. However, there could be explanations for a successful company to have a negative cash flow during a limited period of time, such as changes in seasonality. That's why the cash flow statement is best used in conjunction with the other financial documents we've discussed.

For more on cash flow statements and what is contained in those activities, check out the Investopedia page.

Now that you understand the information contained in financial statements, let's explore how you can put that data to use with financial ratios.