

## Lesson 13: The Cash Flow Statement — Where Cash Really Goes

### Part A: Classify Cash Flows

Label each as Operating (O), Investing (I), or Financing (F):

Cash Transaction	Category (O/I/F)
Cash received from customers	
Purchased new equipment for \$25,000	
Paid \$5,000 of dividends to shareholders	
Paid wages to employees	
Proceeds from issuing new shares	
Sold old machinery for \$8,000	
Repaid a bank loan	
Paid suppliers for inventory	

### Part B: Indirect Method Reconciliation

Net Income = \$40,000 | Depreciation = \$5,000 | Increase in AR = \$3,000 | Decrease in AP = \$2,000

Adjustment	Amount (\$)	Add / Subtract
Net Income	40,000	Starting point
Add: Depreciation		
Adjust: Increase in AR		
Adjust: Decrease in AP		
= Operating Cash Flow		

### Part C: Short Answer

A company reports a profit of \$60,000 but negative operating cash flow. How is this possible?

---



---



---



---