Handout 6

Net Cash Flow from Operating Activities

Net income			$9,000
Adjustments for differences between income flows and cash flows from operating activities:			
Add:	Depreciation expense	4,000	
	Decrease in inventory	3,000	
	Increase in unearned rent	1,000	
Less:	Increase in accounts receivable	(6,000)	
	Increase in supplies	(2,000)	
	Decrease in accounts payable	(7,000)	(7,000)
Net cash provided by operating activities			2,000
Cash Flows from Investing Activities			
Payment for purchase of equipment		(6,000)	
Net cash used for investing activities			(6,000)
Cash Flows from Financing Activities			
Issuance of common stock		12,000	
Payment of dividends		(1,000)	
Net cash provided by financing activities			11,000
Net increase in cash			$ 7,000
Cash at beginning of year			8,000
Cash at end of year			$ 15,000