MAINSTREET MEP™ by HVAC Office Solutions

KNOW YOUR NUMBERS. GROW YOUR BUSINESS.

Trade Finance in Ten Podcast: Episode 4 Summary

Statement of Cash Flows

1. Why Today's Topic Is Important

The Statement of Cash Flows explains where your money actually went during a period of time. It bridges the gap between profit and your bank balance by showing how operating activity, equipment purchases, loan payments, and owner draws affect cash. Many owners think they can grow their way out of cash flow problems, but growth often makes cash stress worse if cashflow issues aren't fixed first.

---

2. Key Takeaways

- Not every dollar that moves through your bank account shows up on the Profit and Loss statement.
- The P&L only shows income and expenses; it does not show loans, principal payments, equipment purchases, or owner draws.
- Cash flow is grouped into three sections: operating (day-to-day), investing (equipment/vehicles), and financing (loans/owner money).
- Read it bottom-up: total change in cash first, then scan each section to explain the month.
- If you aren't collecting, you're effectively being a bank for your customers (without interest, and with the risk).

---

3. Action Steps to Consider

- ☐ Print last month's Statement of Cash Flows and review it in a quiet place.
- ☐ Start at the bottom and note whether cash increased or decreased for the month.
- ☐ Scan operating activity: Did the business generate cash, and if so, enough cash to cover operations, as well as investing and financing (sections 2 and 3)?
- ☐ Scan investing activity: Do equipment or vehicle purchases look accurate?
- ☐ Scan financing activity: Do loan payments, new borrowing, or owner draws look accurate?
- ☐ Write down patterns or surprises and bring questions to your bookkeeper, CPA, or advisor.

© 2025-2026 HVAC Office Solutions, LLC. Mainstreet MEP™ Visit us online at myhvacoffice.com
For educational use only; not legal, financial, or accounting advice; use at your own risk.